

Stakeholder Comments on: Post-Five Day Price Correction Issue Paper

Submitted by	Company	Submitted Date
Michael Kramek (626) 302-7455	Southern California Edison	February 23, 2010

Southern California Edison "SCE" appreciates the opportunity to provide comments on the issue paper entitled, "Post-Five Day Price Corrections", dated February 5, 2010. SCE' supports the ISO's desire to improve transparency and reduce uncertainty into its post-five day price correction process. SCE provides initial comments focused primarily on the considerations described in section 5 of the issue paper. SCE looks forward to participating in this stakeholder process and providing additional comments on specific price correction guidelines as they are developed.

Settlement Disputes

- The ISO issue paper hints at the ability for market participant disputes made after the T+38B settlement statement to result in a price correction. It is unclear how such a dispute could result in a price correction when the window for disputing market prices has already closed. The ISO should provide more clarity in the straw proposal.
- Price corrections resulting from a market participant dispute should be applied to all market participants that are impacted by the price correction not just the disputing party. This treatment is similar to disputes that uncover settlement coding errors that are fixed and applied to future settlement statements for all previous open settlement months that are impacted.

Finality of Prices

- The issue paper discusses the need for a sunset provision after which the ISO would no longer make any price corrections. SCE recommendation is a sunset/look-back period consistent with the timeline for publication of the second to last settlement statement (e.g. T+35M) from the date a pricing error is discovered¹. SCE is not recommending that the

¹ Section 11.29.7.1 of the tariff indicates that the ISO's settlement process consists of a T+7B settlement statement, T+38B statement, T+76B statement, T+18M statement (if necessary), T+35M statement (if necessary) and a T+36m statement (if necessary).

sunset/look-back period impede in any way the payment acceleration settlement process or the finality of the T+36M settlement statement. SCE recognizes that processing time may create a scenario where the ISO is unable to process a price correction prior to the publication of the T+36M settlement statement and in that case the price correction would not be used in resettlements unless ordered by the Commission.

- Regardless of a sunset/look-back period if the ISO discovers a price error that impacts prior market days, the ISO should identify all trade dates where the pricing error had occurred and report those dates to the market.
- Post five-day price corrections are an exception to the normal price correction process, thus require increased information release. SCE suggests the ISO augment its weekly price correction report to provide each time interval and specific nodes that are to be corrected. This information will allow market participants to quickly identify the scope and magnitude of the price correction as well as support internal system changes needed to pull the revised prices from OASIS.

Process Issues

- SCE agrees with the ISO that processing errors, which in the past have republished the original validate price, should not be considered a post-five day price correction.

Price Inconsistent with Tariff Requirements

- SCE agrees with the ISO that price corrections that would require a complete re-run of the market (after the fact changes to schedules) should not be considered as part of the post five-day price correction process. However, market re-runs, as currently conducted within the five day price correction window, where the ISO recalculates prices for the individual market interval using corrected or recreated input data should be included in the post five-day process².
- SCE supports open stakeholder discussion on defining financial thresholds that would trigger a price correction after the five-day price correction process has ended. SCE believes that both market wide and individual market participant thresholds are needed and should work in tandem to help streamline the post five-day price correction process. SCE envisions the same thresholds be applied to each trade date impacted by the price correction.

² SCE notes that the ISO lists “System Recalculation” as a correction method in its weekly price correction reports and has corrected prices numerous times using this methodology since market start.

Keep 5-Day Price Correction Time Horizon

- SCE supports the ISO's desire to retain the current 5-day price correction timeline, rather than moving to a 3-day price correction timeline as described in the market Operations BPM.