

Comments of Seattle City Light on CAISO Market Settlement Timeline Issue Paper and Straw Proposal

Submitted by	Company	Date Submitted
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Seattle City Light (Seattle) is the tenth largest consumer owned electric utility in the nation, providing electrical service to more than 450,000 residential, commercial, and industrial customers in the City of Seattle, Washington and six adjacent cities. Seattle owns and operates hydroelectric resources with approximately 2,000 MW of flexible, fast-ramping capacity. We regularly transact in the bilateral wholesale energy and transmission markets. Seattle executed an Implementation Agreement with the California Independent System Operator (CAISO) and intends to begin participating in the Western Energy Imbalance Market (EIM) in April 2020.

Seattle is supportive of the overall goals of this initiative which are to reduce market participant financial exposure by improving market settlement timelines and the quality/accuracy of settlement statements and to reduce CAISO and market participant administrative costs associated with low-value resettlement efforts. CAISO's straw proposal makes large strides to achieve these objectives and appears to be generally workable. The remainder of Seattle's comments address areas we believe could use further clarification or consideration.

Revenue/Charge Threshold for Submitting Disputes

CAISO explains that 23% of all settlement disputes are for less than \$100 and the cost of processing these small dollar disputes in many cases are greater than the actual resettlement value. As a result, CAISO proposes that it would be more efficient and cost-effective to establish a threshold for submitting disputes and recommends this threshold be set at \$100.

Seattle appreciates the intent to avoid resettlement that may cost more than the actual dispute itself, however, we also believe it is important to understand how this proposal might impact different market participants. For example, in the case of a smaller market participant that primarily submits disputes under \$100 but in a large quantity, this market participant could experience substantial financial losses compared to its total revenues if disputes under \$100 were disallowed. To better understand the impact on different participants, Seattle recommends CAISO revise Table 3 in its straw proposal to provide a break down of the data on disputes by market participant (blinding names, e.g. market participant 1, 2, 3). This would help clarify the number of disputes a given market participant experiences and the potential financial exposure it would experience if a \$100 threshold were put in place. It would also be

helpful if CAISO could provide clarity regarding the total dollars per year that fall under the \$100 threshold for 2014-2019 as shown in Table 3 and any forecasts, if possible, estimated for future years.

Seattle also seeks clarification on whether the \$100 dispute threshold is per submitted dispute or per trade under dispute. For example, if a market participant had 10 trades it was disputing within a dispute period, could it batch the disputes on the 10 trades into one dispute submitted to CAISO? Could this be an alternative way to address the cost/time associated with processing low-value disputes instead of a dollar amount threshold?

Finally, Seattle seeks clarification on how “systematic error” is defined by CAISO. For example, if an entity was consistently submitting disputes related to one charge code would this be considered systematic? Please provide a definition as well as examples of systematic errors.

Settlement Timelines

Seattle appreciates CAISO’s intent to increase initial settlement statement quality and timeliness by revising the timeline for the initial settlement statement to T+7 business days (instead of T+3), however, we have concerns that corresponding change to submitting metered data to CAISO at T+4 (instead of T+8) could be too compressed in certain instances. Seattle suggests CAISO consider pushing out the initial settlement statement and the meter data submission by a few business days. For example, could T+10 days for the initial settlement statement and T+7 for the meter data submission be workable? This timeline would seem to better achieve the goal of increasing the initial settlement statement quality since it increases the likelihood of quality metered data instead of estimates. It also seems unlikely these changes would impact CAISO’s ability to issue optional statements at its proposed T+12, T+21 and T+24 months.

Implementation Timelines

Seattle appreciates CAISO’s flexibility on the implementation timeline for this initiative. We understand that these changes may take a fair amount of internal process changes for existing market participants and this should be taken into account in determining a final implementation timeline for this initiative.

If you have any questions, please contact Lea Fisher at 206-386-4546 or Lea.Fisher@seattle.gov.