

December 20, 2017

**COMMENTS OF THE CITIES OF ANAHEIM, AZUSA, BANNING, COLTON,
PASADENA, AND RIVERSIDE, CALIFORNIA ON THE IMBALANCE
CONFORMANCE ENHANCEMENTS ISSUE PAPER & STRAW PROPOSAL**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") provide the following comments on the Imbalance Conformance Enhancements Issue Paper & Straw Proposal dated November 29, 2017 (the "Straw Proposal"):

The Six Cities support the ISO's recommendations in the Straw Proposal. Specifically, the Six Cities support clarification of the ISO's Tariff to specify the ISO's authority to apply imbalance conformance in the Real Time Market through adjustments to the load forecast and in the Day Ahead Market through the RUC Net Short process. In addition, based on the information presented at the December 8, 2017 Stakeholder Meeting on the Straw Proposal, the Six Cities support the ISO's proposal to enhance the functionality of the conformance limiter to: (1) base application of the limiter on the conformance and infeasibility changes between intervals, (2) consider information from multiple intervals in determining whether the limiter should apply, (3) eliminate the currently effective restriction that the infeasibility and the conformance adjustment must be in the same direction, and (4) consider the conformance magnitudes in previous intervals and whether the limiter was applied in previous intervals. See the Straw Proposal at 17. Based on the analysis presented at the December 8th Stakeholder Meeting, it appears that the proposed enhancements to the limiter functionality will improve the accuracy of the limiter.

However, notwithstanding their support for the enhancements recommended in the Straw Proposal, the Six Cities urge the ISO to continue to monitor the application of the limiter to assess the accuracy of the modified logic for the limiter. Because application of the limiter affects market prices, it is critical to minimize the occurrence of errors in applying the limiter and to ensure that triggering of scarcity pricing reflects system conditions as closely as possible.

Submitted by,

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