

**SMUD Comments RE: Price Inconsistency Caused by Intertie Constraints
Straw Proposal and Issue Paper**

While this Stakeholder Initiative is directed at Price Inconsistencies Interties are experiencing in the Day Ahead Market due to Intertie Constraint enforcement, SMUD appreciates the CAISO's acknowledgement that there is a separate issue causing price inconsistencies for interties in both the Day Ahead and Hour Ahead Markets.

The CAISO has explained that this separate issue, resulting in price and award inconsistencies, is not caused by the constraints discussed in the straw proposal but is rather due to an uneconomic solution in the scheduling run and the resultant differences in the pricing run; resulting in an intertie being dispatched based off of their bid curve and then being settled at an inconsistent LMP.

The CAISO has suggested addressing this issue in parallel with this Stakeholder effort. To that end SMUD encourages the CAISO to establish a market mechanism that results in an intertie being dispatched and settled based on their awarded bid curve. SMUD wishes to express our strong support of the CAISO commencing a process to address these price inconsistencies too, whether in this or another stakeholder process.