California ISO

Intertie Deviation Settlement: Draft Final Proposal

Submitted by	Organization	Date Submitted
Meredith Alexander (916) 732-7503; Meredith.alexander@smud.org Andrew Meditz Andrew.meditz@smud.org (916) 732-6124	SMUD	1/8/18

The Sacramento Municipal Utility District (SMUD) appreciates the opportunity to comment on the issues presented by the CAISO in the December 12, 2018 Intertie Deviation Settlement Draft Final Proposal (Draft Final Proposal) and the presentation given during the stakeholder call on December 19th. The draft final proposal and presentation present a workable path forward to solve the significant challenge that un-delivered intertie resources are causing CAISO operations. SMUD fully supports finding a workable solution to this problem so that scheduling coordinators are dis-incentivized from trading behavior that creates operational and reliability challenges for the CAISO grid, increases market prices, and also has potential ripple effects to other balancing authority areas. We also greatly appreciate the time and resources CAISO Staff have taken to analyze both the scope of the problem and the potential causes and solutions, as well as answering our questions and discussing possible implementation challenges.

In general, we are very supportive of the Draft Final Proposal and believe the changes since the straw proposal have been positive. Most of our existing concerns are related to details that need to be worked out for the implementation phase, once the tariff amendments are approved by FERC.

1. <u>Curtailed E-Tags will be excluded from the under/over delivery charge ("UODC"), which allows for removal of the 10% threshold.</u>

 SMUD appreciates the clarification that *reliability curtailments* will be excluded from the UOCD, but not tags curtailed for other reasons (*e.g.,* over-delivery). SMUD is in a somewhat unique situation as a utility scheduler that is also a balancing authority operator so we were initially hesitant that this could lead to challenges with showing that the curtailment came from the balancing authority and was due to a reliability need. We appreciate the discussions with CAISO staff which reassured us that the curtailments done by the Balancing Authority of Northern California (BANC) for reliability reasons could be easily identified.

We also appreciate the discussions we have had with CAISO Staff regarding the issue of a settlements "flagging" mechanism for reliability curtailments. We wish to emphasize that

ensuring that this curtailment data is clearly and accurately communicated to the market participants will be a vital step in the implementation process. The implementation phase will also need address one additional layer of complexity, due to the fact that the tag "curtailments" must be further separated into reliability (excluded from UODC) vs. CAISO resource level curtailment (subject to UODC).

2. <u>The under/over delivery charge will be evaluated in each fifteen-minute interval as opposed to the decline charge, which is applied on a monthly basis.</u>

SMUD finds this to be a logical adjustment to the proposal. It makes sense to determine the amount of undelivered energy for fifteen minute dispatchable bids by comparing the e-tag to the HASP schedule. We also understand why CAISO is clarifying its authority to curtail hourly block resources to avoid over-delivery.

The existing decline charge structure does seem outdated. It clearly benefits all market participants when everyone provides advanced notification of non-delivery and it seems fine to apply the new charge on a fifteen-minute interval basis.

3. <u>The logic for the fifteen-minute market (FMM) will be based on the submission of an E-Tag transmission profile instead of the assumption that an E-Tag will be submitted.</u>

SMUD can see why a fifteen-minute interval calculation for UODC would lead to a need for fifteen-minute energy and transmission profiles in OATI. However, our current system does not allow for this option. SMUD's OATI application currently submits hourly integrated values for our intertie (system) resources. We request that CAISO make some guarantee regarding how this will be addressed with OATI before this goes to the CAISO Board for approval.

4. Declined and undelivered energy will be subject to the under/over delivery charge = 0.5 X MAX (FMM LMP, RTD LMP), with a $10/MWh minimum

This formula and the $10/MWh floor price seem reasonable.

Additional comments

The settlements implications from this proposal should be considered thoroughly before this proposal is adopted by CAISO Board, and we hope that the CAISO will continue to work with intertie schedulers to ensure that all of the details are worked out. For example, we recently discovered that the "reason" code field in an e-tag currently is not a "drop down menu". Going forward, CAISO will need to ensure consistency of reason codes related to curtailments by creating a standard list of reasons so that a reliability curtailment is clearly distinguishable. We also urge that CAISO clearly identify the settlement-related data points (adjustments vs. curtailments (curtailments further broken down into reliability vs. other), and in a manner that allows intertie settlements staff to validate each individual tag without opening and actively "clicking" on each adjustment/curtailment to see the full status. Although the reason for an adjustment or

curtailment can be found in the "Approval Status History" of a given tag, this cannot be easily queried. We are hoping that this data can be incorporated into the CAISO Settlements data provided regarding UODC, perhaps as a new billing determinant?

While we understand that these kinds of details are not "in scope" for the policy development, we wanted to flag the need for this detail to be fleshed out in the implementation phase.

Thank you very much for your consideration of these comments, and for your ongoing discussions with SMUD regarding how to make this proposal as workable as possible.