Thank you for the opportunity to comment on CAISO's Intertie Deviation Settlement Issue Paper

Morgan Stanley Capital Group Inc (MSCGI) has the following observations and comments.

- It appears from the white paper that the CAISO's current application of the decline rule is inaccurate in that it is not applied evenly to situations where market participants do not provide an etag for an accepted award (eTag "no shows") vs. situations where market participants decline an award according to the provisions in the tariff. At the very least, the decline charge should be modified to include "no shows" and arguably, the penalties for no shows should be higher than when a market participant declines an award by notifying the CAISO in ADS.
- MSCG believes that the 10% threshold should continue to apply for declined awards and specifically the "no shows" of eTags should be included in the threshold calculation. If the CAISO can differentiate between reliability curtailments issued by transmission providers or balancing authorities and these reliability curtailments can be exempted from declined charges, then this could justify a much tighter tolerance threshold before decline charge penalties are applied to other situations. A separate and more strict threshold and decline charge should be considered for No shows - specifically for awards that are not etagged at all.
- To the extent the CAISO can do so, they should encourage SCs to update their schedules in ADS up to T-40 along with a specific reason for the change. Increasing the time that market participants can update ADS will allow for more accurate communication with CAISO.
- With respect to ISO curtailment practice moving to 15 minute granularity, MSCG would point out that this will need to be coordinated with neighboring BAs. For example, currently 15 minute scheduling is not allowed on the DC tie. It is unclear to us how often this additional granularity would result in a different outcome than hourly curtailments.
- MSCG would like to strongly discourage the CAISO from any changes to the current hourly etag timeline of T-20 to something earlier in the hour. This etag timeline has ramifications for resources in neighboring BAs and any change can result in unintended seams issues. For example, wind and hydro slice schedules from the PNW need the current timing through T-20 to finalize etags in order meet the requirements of the Tariffs of out of state neighboring BAAs and to balance intermittent renewable generation with flexible hydro to honor the block awards from CAISO. The etag timeline should be separated from notifying the CAISO through ADS of whether or not a market participant is going to be able to honor their award.

Best regards,
Ali

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