SCE Comments on the Straw Proposal
For the Intertie Deviation Settlement

Submitted by	Company	Date of Submission
Beverly Ann Brereton beverly.a.brereton@sce.com	Southern California Edison	October 30, 2018

SCE welcomes the opportunity to comment on the Straw Proposal published by the CAISO on October 8, 2018.

SCE agrees with the decision to eliminate the current decline charge. Also, we agree with the decision to disregard the quantity associated with curtailments for reliability reasons in accounting for the intertie deviation quantity and that the declined export should be adjusted by the principle of causation.

There are concerns with the current proposal for the under/over delivery charge.

First, the proposal provides incentives for Scheduling Coordinators to accept their energy awards such that the application of the under/over delivery charge is indifferent to whether the transaction has a submitted E-Tag at T-40 and does not deliver in real-time or the award is declined in the Automated Dispatch System.

Second, there is uncertainty with the timing for tagging the transaction. Under the current proposal, if the under/over delivery charge is to be avoided, is the approval of the E-Tag required at T-40? If T-40 is the requirement within the CAISO's scheduling process while the balancing authority approves E-Tags within the T-20 deadline, the decision to penalize Scheduling Coordinators for not having approved E-Tags at T-40 is discriminatory.

Third, the proposal recommends the netting of intertie schedules by Scheduling Coordinator when exports or imports are declined that result in a violation of the transmission line limit. SCE prefers netting at the company level which presents opportunities for adjusting the schedules across a larger number of resources within the company's portfolio and minimizes opportunities for gaming on the interties.

Fourth, the proposal seeks to eliminate the divergence between the energy award and the E-Tag quantity. SCE seeks clarification on paragraph 3, Section 7.5 of the Straw Proposal. Specifically, what happens when there is no energy award in the day-ahead market and an award is issued within the HASP process. Then the Scheduling Coordinator partially accepts the award but submits an E-Tag that exceeds the real-time market award. If the intertie can accommodate the full E-Tag quantity and there is no reliability reason for curtailment of the energy flow, will the ISO allow the flow equivalent to the E-Tag quantity. If yes, there will be opportunities for gaming the scheduling process since the deviation quantity is calculated as the absolute difference between the greater of the HASP or FMM schedule and the E-Tag energy profile.

Finally, the resource adequacy and resource sufficiency issues that relate to intertie resources must be carefully evaluated in relation to the likelihood of deviations arising from performance default in both situations that may attract application of the under/over delivery penalty thereby diminishing liquidity in the market for external resources. For example, is a resource with a resource adequacy obligation exempt from the penalty when there is a DAM energy award but in real-time the resource is no longer needed? This situation represents a non-reliability curtailment which the proposed under/over delivery mechanism does not exempt from deviation charges on the interties. This situation also opens discussion on the resource sufficiency test when a real-time award is made in the HASP and the RTPD run dismisses the resource offline, will the under/over delivery penalty apply? Clarification of these matters either within the current initiative or the related initiative will suffice.