

**Comments of Powerex Corp. on  
Real-Time Settlement Review  
Issue Paper & Straw Proposal**

Submitted by	Company	Date Submitted
Mike Benn 604.891.6074	Powerex Corp.	September 4, 2020

Powerex appreciates the opportunity to submit comments on the Real-Time Settlement Review Issue Paper & Straw Proposal (the "Straw Proposal"). Powerex understands that the CAISO has performed a review of real-time settlement charge codes associated with interactions between Balancing Authority Areas ("BAAs") in the Energy Imbalance Market ("EIM"). As part of that review, and in response to stakeholder requests, CAISO is proposing two settlement calculation changes.

Asymmetrical Wheeling

Powerex supports having a consistent settlement approach for EIM schedules across the EIM footprint. Powerex also appreciates the transparency that CAISO has provided regarding the metrics it uses to monitor settlement outcomes, and believes this additional transparency can assist EIM Entities in improving their own internal settlement systems and processes.

As the EIM continues to grow and evolve, Powerex believes it would be useful for stakeholders to establish a set of principles and objectives that can be used to evaluate proposed changes to the rules governing settlement and scheduling in the EIM. For example, Powerex believes it is important to ensure that the EIM scheduling and settlements result in:

- accurate and transparent settlement outcomes that are consistent with cost causation principles;
- the equitable allocation of congestion rents to those entities that fund the applicable transmission service;
- outcomes that are compatible with EIM Entity open access transmission tariff ("OATT") service and do not harm customers taking service under the OATT;
- rules that provide sufficient flexibility for EIM Entities to sub-allocate EIM charges in a manner that meets the needs of their transmission customers and other stakeholders;
- accurate modeling of power flows in the EIM; and
- to the extent possible, consistent scheduling rules across EIM BAAs and reduced instances of inconsistent settlement treatment for wheel-through transactions across an EIM BAA and/or between EIM BAAs.

Powerex understands that the CAISO has received feedback from EIM Entities that the inconsistency of Base ETSR settlements relative to other import and export transactions can cause potential settlement issues, particularly when energy is wheeled through multiple areas and there is a power balance constraint in one of the EIM BAAs. Powerex is supportive of the proposal to settle Base ETSR schedule deviations at Schedule Point-Intertie prices in a manner

consistent with the settlement of import and export transactions at interties between an EIM Entity BAA and a non-EIM Entity BAA. This should reduce the potential for the problematic settlement outcomes that CAISO and stakeholders have identified.

CAISO also proposes to eliminate the option for EIM Entities to choose not to settle Base ETSR schedule deviations. Powerex would appreciate further clarification on the rationale for no longer allowing entities to choose whether to settle BASE ETSRs. While Powerex supports consistency in the pricing of those transactions that are settled through the EIM, Powerex does not believe that this objective necessarily justifies removing the ability for two EIM Entities to voluntarily determine whether it is appropriate to settle BASE ETSRs transactions in certain cases. For example, Powerex understands that some entities submit base schedules on their optimizable ETSRs, and therefore a “deviation” from the base schedule would actually reflect an EIM transfer and not a bilateral schedule change. Powerex would appreciate clarification of whether CAISO is proposing that EIM entities would no longer be able to submit base schedules in this manner.

#### Settlement of Unaccounted For Energy (UFE)

Powerex’s understanding is that UFE is an important component of market settlements when an Entity provides load meter data that is retrieved from distinct load meter devices (*i.e.*, a “load aggregation” approach), because there may be a settlement required to account for the difference between the total energy recorded by the entity’s generation and intertie meters and the total energy consumption recorded by its load meters. For EIM Entities that use the “load derivation” approach, however, this is not an issue because the entity’s load data is directly derived from its generation and interchange meter data.

For entities that use the load derivation approach, the quantity of UFE settled in the EIM only reflects the difference between the system losses modeled by the CAISO’s market software and the EIM Entity’s OATT tariff rate that is used when deriving the entity’s load meter data. Powerex understands that this loss differential can result in a systemic UFE charge (or credit) that is completely reversed at the EIM Entity BAA level through an offsetting credit (or charge) in the Real-Time Imbalance Energy Offset account.

The CAISO proposes to allow EIM Entities who use a “load derivation” approach to elect to *not* settle UFE through the EIM. Powerex generally believes this proposal could be a valuable improvement to simplify EIM settlements, but would appreciate the CAISO clarifying whether it agrees with Powerex’ s understanding that such an election would **not** change the net settlement for the EIM Entity BAA, but would instead eliminate the offsetting UFE and Real-Time Imbalance Energy Offset charges/credits that result from the loss differential.