

Comments of Powerex Corp. on Rules of Conduct Enhancements Track 1 Draft Final Proposal

Submitted by	Company	Date Submitted
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Powerex appreciates CAISO's efforts to develop a penalty structure for inaccurate meter data that will encourage accurate meter data submissions while ensuring "the cost is more proportional to the impact on the market and the ISO's operations". While Powerex is supportive of the direction of the proposal, Powerex continues to believe that an important refinement is needed to avoid penalties that may out of proportion with the magnitude of the error, as described further below.

CAISO's current proposal for inaccurate meter data is a penalty based on the lower of (a) 30% of the absolute value of the error and (b) \$1000/trading day. In the Draft Final Proposal, CAISO clarifies that in cases where a Western EIM (WEIM) Entity resubmits generation and load in the same hour, the value of error calculation would only apply to the updated generator meter data, and not to the corresponding updated load meter data. Powerex appreciates that, as a result of this clarification, the penalty would not be based on a duplicative 60% value of error calculation in these scenarios.

Despite this clarification, however, Powerex continues to believe that the proposal could produce penalties that outweigh the actual impact of meter inaccuracies on other market participants in certain cases when a WEIM Entity submits load meter data that is calculated based on its generation and interchange data. In these cases, it is likely that the corrected generation meter data submitted after the T+52B deadline is provided with an equal and offsetting adjustment to the WEIM Entity's load meter data. For example, a correction to increase a WEIM Entity's generation meter data by 1 MW will typically also include a corresponding correction to increase the WEIM Entity's load meter by 1 MW in the same hour. Because the WEIM Entity's generation and load are both increased by the same quantity in the same time period, the overall result is no net MWh impact to any other market participant in the WEIM. In other words, the "impact of the error" is effectively zero.

Powerex is concerned that in cases in which the corrected generation and load meter data are offsetting as described above, CAISO's proposal to apply a penalty of 30% of the absolute value of the error (based on the generation only) could produce a penalty that is potentially outsized relative to the negligible nature of the error when considering that the generation and load updates effectively cancel each other out.

For this reason, Powerex reiterates its previous proposal that CAISO calculate the value of error term using an hourly calculation of the net MWh impact of the generation and load meter data corrections submitted by the relevant WEIM Entity (perhaps with a reasonable minimum penalty

of \$100 per trading day). This would more accurately reflect the actual impact on the market by reflecting offsetting corrections.