

**Comments of Powerex Corp. on
Real-Time Settlement Review
Final Proposal**

Submitted by	Company	Date Submitted
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Powerex appreciates the opportunity to submit comments on the Real-Time Settlement Review Draft Final Proposal (the "Final Proposal"). Powerex generally supports the direction of the CAISO's proposal and provides further comments below.

Asymmetrical Wheeling Settlements for Base ETSRs

Powerex appreciates the detailed examples that CAISO has provided to explain its proposal to address asymmetrical imbalance settlements for Base ETSRs. Powerex supports CAISO's proposal to settle Base ETSR schedule deviations at Scheduling Point-Tie prices in a manner that is consistent with the settlement of import and export transactions that occur at an intertie between an EIM Entity BAA and a non-EIM Entity BAA.

Election for Unaccounted For Energy (UFE) Settlement

Powerex supports CAISO's proposal to allow EIM Entities who use a "load derivation" approach to elect to not settle UFE through the EIM. Powerex believes this proposal will provide an opportunity for many EIM Entities to simplify their EIM settlements by eliminating unnecessary settlements of EIM UFE amounts that are ultimately reversed through offsetting adjustments in other EIM charge codes.

Analysis of Unscheduled Energy Between BAAs

As part of its Draft Final Proposal, CAISO proposes to perform an analysis of the magnitude and financial impact of unscheduled flows between BAAs across the EIM area by calculating the theoretical market value of the difference between each BAA's metered intertie flows and its net scheduled interchange. Powerex supports further analysis to allow CAISO and stakeholders to evaluate whether new market settlement approaches are needed to provide a market-based financial incentive for EIM Entities (and CAISO) to more accurately follow their aggregate market dispatches at a BAA level.

This analysis is relevant to the overall performance of the EIM because while EIM settlements are applied to the uninstructed deviations of individual resources within a BAA, there is currently no settlement of net uninstructed energy *between* BAAs. Instead, any uninstructed energy charges applied to the individual resources within an EIM Entity BAA (or the CAISO BAA) are generally offset by a credit to that entity's Real-Time Imbalance Energy Offset (RTIEO) account. The result of this is that EIM Entities may be charged uninstructed deviations associated with their own resources, but ultimately have these charges largely offset by their receipt (and sub-allocation) of the values in the RTIEO account. The current settlement approach may therefore provide little financial incentive for EIM Entities (and CAISO) to ensure the resources within their balancing

area are meeting their aggregate market awards at a BAA-level. Powerex believes that examining this potential issue could provide an opportunity to consider new settlement approaches to reduce inequities between BAAs, improve the efficiency and accuracy of EIM modeling and dispatch, and minimize unanticipated congestion costs. Powerex looks forward to further discussion on this topic once CAISO has compiled the relevant data and analysis for review.