

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

Submitted by	Company	Date Submitted
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Powerex appreciates the opportunity to provide comments on the CAISO's July 6th, 2023 Rules of Conduct Enhancements Track 1 Straw Proposal.

As previously stated, Powerex supports market rules that encourage market participants to provide timely and accurate meter data for participation in the WEIM. At the same time, Powerex believes penalties applicable to late meter data corrections should be generally commensurate with the magnitude of the underlying inaccuracy, including consideration of whether the inaccurate data could be reasonably expected to result in a material negative consequence for other market participants.

CAISO's 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. CAISO states that the purpose of this proposal is to ensure "the cost is more proportional to the impact on the market and the ISO's operations". While Powerex supports this objective, Powerex believes that using 30% of the absolute value of the error has the potential to overstate the true impact on the market, particularly if a late change to an EIM participant's generation meter data is offset by a corresponding (and offsetting) change to its load meter data in the same hour. In these cases, the calculated meter penalties could still significantly outweigh the actual impact of the inaccuracy on other market participants. For this reason, Powerex believes the "value of error" term in the calculation should be based on an hourly calculation of the net MWh impact of all meter data corrections submitted by the relevant Scheduling Coordinator.

As a supplement to using a calculation of the net hourly value of the error, CAISO could also consider a minimum daily penalty of \$100/trading day as another bookend in the calculation to encourage market participants to provide timely and accurate meter data for participation in the WEIM, even when errors are relatively small. Powerex proposes CAISO consider defining the penalty of inaccurate meter data submissions as:

Lower of:

- (a) 30% of the **net** value of the error, or \$100/trading day, whichever is higher; and
- (b) \$1,000/trading day

Where the net value of the error is based on an hourly calculation of the net MWh impact of all meter data corrections submitted by the relevant Scheduling Coordinator.

Powerex believes the approach above would ensure that the bounds of the penalties are established in a range between \$100 and \$1000 per day depending on the magnitude of the error, while also using a calculation of the magnitude of the error that better reflects the actual impact on market participants when a Scheduling Coordinator submits inaccurate meter data.