

1 **60-20000807-8050333-8162532 (11:22)**
2 *[dialing/ringing]*
3 PERSON 1: Phil Rahn's office
4 JEFF RICHTER: Yes, is Phillip in?
5 PERSON 1: Ah, yes, sir, may I tell him who's calling?
6 Jeff Richter: Jeff Richter.
7 PERSON 1: One moment.
8 JEFF RICHTER: Thank you.
9 PHILLIP: Hello
10 JEFF RICHTER: Hey, it's me.
11 PHILLIP: Hey!
12 JEFF RICHTER: Hey, good morning. How are you?
13 PHILLIP: Good.
14 [REDACTED]
15 PHILLIP: What um – Is it all goin' up and goin' crazy?
16 JEFF RICHTER: Ah, it's – yeah, it's going – it's – it seems like there's a little bit of a push,
17 but the weather forecast, talking to your weather people down there, seems a little bearish –
18 PHILLIP: *[inaudible]*
19 JEFF RICHTER: -- in the west, but –
20 PHILLIP: Seems like the weather's coming in a lot warmer than they said it would.
21 JEFF RICHTER: I – that's what I think too, and I'm just buying September left and right.
22 Cali September's at one –
23 PHILLIP: Now SP's at 119, so –
24 JEFF RICHTER: That's a gift. That's a gift, I think, still. I bought this – listen to this:
25 Friday the SP PVs – SP NP spread was tradin' 50 10.
26 PHILLIP: Uh huh.
27 JEFF RICHTER: That's ludicrous. That was a buy. I bought it, like – you buy that now it's
28 at six bucks. And that's still –
29 PHILLIP: PV's way over-ripe.

1 JEFF RICHTER: This is SP over NP when the congestion has been 169, 64, 60 bucks.
2 They had 50 cents on that thing. All it takes is one day.
3 PHILLIP: Yeah. It is ludicrous.
4 JEFF RICHTER: That was stupid. So who knows?
5 PHILLIP: You can recognize value now you know, that's an important thing.
6 JEFF RICHTER: I don't know if I recognize it. I recognize losses.
7 PHILLIP: Why's that?
8 JEFF RICHTER: I don't know. I'm not – I did last week save my bacon. The ISO saved
9 my bacon so I –
10 PHILLIP: How so? What do you mean they saved your bacon?
11 JEFF RICHTER: Well, when the price caps came out I took a little P&L, you know funny
12 money [*inaudible*]
13 PHILLIP: Uh huh.
14 JEFF RICHTER: But I think last week overall made about 8 million from, ah, ISO.
15 PHILLIP: Oh, like in the – [*inaudible*] supply?
16 JEFF RICHTER: Listen to what we did. Listen to what we did.
17 PHILLIP: 8 million worth of games that you play?
18 JEFF RICHTER: Oh, I'd say around 6 – yeah.
19 PHILLIP: Let's – let's hear what you did.
20 JEFF RICHTER: Listen to this, you'd price tooks day ahead.
21 PHILLIP: Yeah?
22 JEFF RICHTER: NP 15.
23 PHILLIP: Uh huh.
24 JEFF RICHTER: Just price-taker. 700 megawatts.
25 PHILLIP: OK.
26 JEFF RICHTER: Day ahead congestion on path 26 comes out, thus reduces NP 15. Some
27 hours in the super-peak, like 14, 15, 16 – you could buy it for 180 bucks.
28 PHILLIP: OK.
29 JEFF RICHTER: So you buy it at 180 bucks and sell it ex-poste at for 500.

1 PHILLIP: Now, so you're not – when – do you ever get screwed on being load? You're not
2 load, huh.

3 JEFF RICHTER: What – you just – you buy it from the PX.

4 PHILLIP: Mm hm.

5 JEFF RICHTER: You shouldn't be screwed on load. You're long.

6 PHILLIP: Yeah.

7 JEFF RICHTER: Now, if I move load, then it's a different story. But then listen to this:
8 Even better? You didn't think 700 was enough? You go to the hour ahead market.

9 PHILLIP: You buy more.

10 JEFF RICHTER: Buy more because hour ahead congestion cleared at 373 dollars.

11 PHILLIP: Again puts NP down.

12 JEFF RICHTER: Yes. You bought that for 78 bucks sometimes. Sold 'em for 500. So it
13 really whacks [*inaudible*]

14 PHILLIP: Who else is thinkin' – helping you think of these – just you?

15 JEFF RICHTER: Just me. [*break in recording*] It's huge.

16 PHILLIP: Do you get that mark – to market as soon as the ex-poste prints?

17 JEFF RICHTER: Oh yeah. You get it, man. You get it from settlements. That's what
18 they're there for.

19 PHILLIP: Mm hm.

20 JEFF RICHTER: So listen to this: So, day ahead schedules and hour ahead schedules
21 simulate a congestion north to south.

22 PHILLIP: Mm hm.

23 JEFF RICHTER: Real time flows were goin' south to north.

24 PHILLIP: Tsk tsk tsk tsk tsk tsk tsk. Does that make sense with your demand model and
25 everything?

26 JEFF RICHTER: No, it's stupid. Well, demand, yeah, it makes sense, but the day-ahead
27 schedule it so scheduled and real time are just flippin' [*inaudible*], I mean – are just –

28 PHILLIP: Now, is this just a pattern you observed, or could you tell why it was going to
29 think it was um –

1 JEFF RICHTER: Fuck no, you can never tell why, Phil, because it's a algorithm. You don't
2 know what the ISO's going to print, you know? I don't know the inputs. Mallory and I beat
3 our heads over it all the time. You just don't know. You don't have enough of the
4 information they put into the black box, you know?

5 PHILLIP: You think anybody else will catch onto that?

6 JEFF RICHTER: I think – we were talkin' here that, you know, could be PGET, you
7 know. They – betcha if they di – if they knew what they were doin' they could have saved
8 themselves 20 million bucks last week.

9 PHILLIP: Who?

10 JEFF RICHTER: P-get. PGET.

11 PHILLIP: Who could it – PGET.

12 JEFF RICHTER: Yeah, where's all your load in the north, right? Where do you want to
13 congest? Path 26, reduce your NP buys – price.

14 PHILLIP: When, but – when you're saying congestion, it's congested going north to south.
15 That's the only way it's making the – right? On to north [*inaudible*] –

16 JEFF RICHTER: Scheduled – on scheduled flows, Phillip. Not real time flows or real
17 flows. Just scheduled, yes. [*break in recording*] [*inaudible*] you figure out a way to pop it through
18 that line to reduce NP by average of 165 bucks –

19 PHILLIP: Mm hm.

20 JEFF RICHTER: And you got, I don't know how much load they have in those three
21 zones [*break in recording*] those two zones [*inaudible*]

22 PHILLIP: But they do pay [*inaudible*]. I mean –

23 JEFF RICHTER: They pay the NP price.

24 PHILLIP: Yeah, so they're getting the benefit of that.

25 JEFF RICHTER: That's what I'm sayin'

26 PHILLIP: So you think they're the ones that figured this out?

27 JEFF RICHTER: They should have. If they're not, they should.

28 [REDACTED]

29 PHILLIP: How's the, um, PX and the everything? What was the PX for today? I didn't

1 even watch it.

2 JEFF RICHTER: 188. Market traded 180 to 185

3 PHILLIP: So it came out perfect.

4 JEFF RICHTER: Yeah, pretty boring, I mean, that was the gap.

5 PHILLIP: Mm hm.

6 JEFF RICHTER: Traded between 180, 185. No higher than 185, no lower than one eight –

7 oh, I bought 175s early this morning, so that was good.

8 PHILLIP: Did the lights almost go out last week?

9 JEFF RICHTER: Yeah. BPA bailed ‘em out. Those bastards. I don’t like ‘em.

10 PHILLIP: How come, um, they never hit their peak load that they predicted in the 45s.

11 JEFF RICHTER: They shut it.

12 *[break in recording]*

13 PHILLIP: *[inaudible]* They just shut load, right?

14 JEFF RICHTER: Yeah. I gotta go. I gotta talk to *[inaudible]* here.

15 PHILLIP: See you.

16 JEFF RICHTER: All right. Bye.