

Comments of Southern California Edison Company on CAISO Market Monitoring Policy Tariff Language

Submitted by	Company	Submitted Date
Michael Kramek (626)-302-7455	Southern California Edison	April 16, 2009

Southern California Edison Company (“SCE”) provides the following comments on the California independent System Operator’s (CAISO’s) draft language on Market Monitoring policy tariff modifications pursuant to FERC Order 719, dated April 16, 2009. SCE has reviewed the draft tariff language and requests the CAISO provide market participants with additional clarification on the changes proposed in tariff section 20.4 on information disclosure

Clarification of what bid information is to be released

First, SCE requests the CAISO provide further clarification as to the specific bids it intends to publish to the market three months after the trading day. It is unclear from the proposed language whether the CAISO intends to publish the bids submitted to the CAISO by market participants (“original bid set”) and/or the bids that were sent to the market optimization software for determining market prices and schedules (“clean bid set”). The tariff definition of “Bid” includes both values “submitted” by SC’s and values “conveyed through several components”. Thus, we assume the CAISO will publish both sets of bids to the market three months after the trading day. Moreover, we view our interpretation as consistent with FERC’s order to release “offer and bid” data¹, where data is broader than simply the information submitted by market participants to the ISO. The release of both sets of bids is critical for understanding market prices and schedules determined by the CAISO’s MRTU optimization software. Just releasing the original bid set is insufficient because the MRTU systems have the potential to modify the original bid set prior to sending it to the MRTU market optimization software. Such modifications include but are not limited

¹ FERC Order 719, Paragraph 399 and Ordering Paragraph G 4.

to: (1) bid modifications as a result of Resource Adequacy rules, (2) Local Market Power Mitigation (LMPM) rules, and (3) SIBR rules (e.g. limitations on ramp rates).

To clarify our understanding the CAISO should consider revising its language in section 20.4 as proposed below:

The CAISO: (i) shall publish individual Bids (**both as submitted and as conveyed to the market software for determining market prices and schedules**) within three (3) months after the Trading Day with respect to which the Bid was submitted and in a manner that does not reveal the specific resource or the name of the Scheduling Coordinator submitting the Bid, but allows the bidding behavior of individual, unidentified resources and Scheduling Coordinators to be tracked over time;

Clarification that RUC availability bid information will be released

Second, SCE request that the CAISO provide clarification on if the term “Bids” used in the above referenced section includes Residual Unit Commitment (RUC) availability bid quantity (MW) and dollars (\$/MW). The tariff defines Bid and RUC Availability Bid differently and based on SCE’s current reading, the tariff definition for Bid does not include RUC availability bid quantity and dollars. Without the release of RUC Availability Bids market participants will be unable to understand the pricing and scheduling outcomes being made by the CAISO during its RUC evaluation process. As such, SCE request the CAISO include the tariff defined term RUC Availability Bid to the language changes previously proposed by SCE:

The CAISO: (i) shall publish individual Bids (**both as submitted and as conveyed to the market software for determining market prices and schedules**) **and RUC Availability Bids** within three (3) months after the Trading Day with respect to which the Bid was submitted and in a manner that does not reveal the specific resource or the name of the Scheduling Coordinator submitting the Bid, but allows the bidding behavior of individual, unidentified resources and Scheduling Coordinators to be tracked over time;

Clarification on timeline for bid release

Lastly, FERC Order 719 requires the CAISO to reduce the lag time for the release of offer and bid data to three months. However, any desire for an RTO or ISO to reduce the lag time to a period shorter than three months will need to be accompanied by justification at FERC. As currently drafted the language goes against the FERC Order requiring justification for an ISO releasing bid data prior to three months after the trading day. The current language states that the CAISO will publish bid data within three months of the trade date, but does not include any justification for why a period shorter than three months is being requested. Therefore, SCE recommends the CAISO clearly state that bid data will be released three months after the trading day and will not be released prior without first providing justification to FERC. Building upon the previously recommended changes to section 20.4, SCE recommends the CAISO incorporate the following change:

The CAISO: (i) shall publish individual Bids, **(both as submitted and as conveyed to the market software for determining market prices and schedules) and RUC Availability Bids** ~~within~~ three (3) months after the Trading Day with respect to which the Bid was submitted and in a manner that does not reveal the specific resource or the name of the Scheduling Coordinator submitting the Bid, but allows the bidding behavior of individual, unidentified resources and Scheduling Coordinators to be tracked over time;

SCE appreciates the opportunity to submit these comments to the CAISO and looks forward to further discussions on this topic at the Monday April 20th tariff review conference call.