

Comments of Boston Energy Trading and Marketing on CAISO Revised Draft 2015 Stakeholder Initiatives Catalog

Boston Energy Trading and Marketing (“Boston Energy”) appreciates the opportunity to comment on items contained in the CAISO’s revised draft 2015 stakeholder initiatives catalog.

6.1 Congestion Revenue Rights Enhancements to Address Revenue Inadequacy

Boston Energy has no comment on the medium ranking score of this initiative, but would like to comment on the scope as described in the catalog. Boston Energy urges the ISO to revisit the scope, as we believe the focus is too narrow and misguided. The ISO documentation concludes that modeling differences between the annual CRR auction and the day-ahead market, along with transmission outages posted after the CRR model is locked are at the heart of the ISOs CRR revenue shortfall issues. Rather than targeting the root causes, the identified solution solely focuses on CRR holders, as if CRR holders are the reason for the modeling differences or transmission owner outage scheduling practices. It also shouldn’t be lost on the ISO that a large number of CRRs are provided to LSEs at no costs through the CRR allocation process. No discussion on the impacts the annual or monthly allocation process have on revenue adequacy was included in the initiative scope.

Instead of dramatically changing the CRR funding mechanisms, Boston Energy encourages the ISO to focus on improvements to the current rules and process. In addition to an increased focus on minimizing modeling differences between the CRR and day-ahead markets, the ISO could consider assigning revenue shortfalls associated with planned transmission system outages taken after the CRR model has been finalized directly to the associated transmission owner. This approach would be a change from today, where the current practice is to spread shortfall costs resulting from planned transmission outages to all measure demand. Such an approach could be similar to that of the New York ISO. The New York ISO model is referenced in the DMM whitepaper, but not considered by the CAISO in the initiative scope.

7.3 Implementing Point-to-Point Congestion Bids

Boston Energy is in strong support of this market initiative and urges the ISO to begin stakeholder discussions early in 2015. Point-to-point convergence bids allow for the coordinated scheduling of a linked pair of virtual supply and virtual demand bids between two distinct locations. A point-to-point offer ensures bids will either both clear the market, or neither bid clears. Point-to-point convergence bidding should result in more efficient utilization of the transmission system both on a TAC and nodal level. As noted in the project description both PJM and ERCOT currently offer point-to-point virtual bidding functionality. In addition, the New York ISO is currently in the process of prioritizing this same enhancement as part of its 2015 project prioritization process.

Submitted by,

Michael Kramek
Director, Market Policy & Regulatory Affairs
Boston Energy Trading and Marketing LLC
Cell: 617-279-3364
Email: michael.kramek@betm.com