

Stakeholder Comments

Subject: Data Release and Accessibility Phase 1- Transmission Constraints

This template is for submission of stakeholder comments on the November 5, 2009 Data Release and Accessibility Phase 1-Transmission Constraints issue paper and the matters presented during the November 12th stakeholder call (together the “Data Release Proposal”). Comments should be submitted to phase1tc@caiso.com on November 23, 2009.

Submitted by	Company	Date Submitted
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Citigroup Energy Inc., Barclays Bank, PLC, and RBS Sempra (“Joint Parties”) offer these initial comments in response to the CAISO’s Data Release Proposal. The Data Release Proposal is a critical step towards maintaining a robust and liquid energy market in California and the Joint Parties appreciate this opportunity to provide comments. In the Data Release Proposal, the CAISO explains that it is “focusing on determining what additional data or information can be provided to ISO market participants regarding the ISO’s transmission constraint enforcement and management practices to account for system conditions in managing the limits of the transmission system.”¹ This is an important goal, but the Joint Parties believe that the CAISO may miss the mark if it focuses solely on releasing additional data. As is evident from the comments associated with the CAISO’s August 3, 2009 tariff amendment filing in FERC Docket ER09-1542,² market participants need the CAISO to ensure that data is released in a timely manner, is provided equally to all participants, and is provided as transparently as possible.

Transparent Data Release and Market Operations

Releasing more data to the market will help resolve certain transparency concerns. The Joint Parties believe that the CAISO should give the highest priority to providing the following data to market participants:

- A complete list of all possible constraints and a daily list of enforced constraints.
- Information surrounding non-public procedures or processes, and the constraints associated with these non-public procedures or processes.
- A complete transmission and generation map for the CAISO system.
- CAISO Nomograms.
- A complete list of constraints the CAISO never enforces.

¹ Data Release Proposal at 5.

² *California Independent System Operator Corp.*, 129, FERC ¶ 61,009 (Oct. 2, 2009).

- A list of transmission line, capacitor, reactor, breaker, and transformer outages, including facility name(s), line: location to and from; time: to and from; phase: submitted, accepted, in-progress, ended.³

The Joint Parties also urge the CAISO to accompany any transmission constraint data release with more information on how the CAISO makes decisions related to constraint management. The Joint Parties appreciate that some level of opacity may be appropriate in certain circumstances (*e.g.*, to protect commercially sensitive data). However, echoing FERC's October 2 Order, the Joint Parties believe the market needs to better understand what action the CAISO is taking, what constraint it is addressing and under what legal authority it is acting.⁴ Market participants need this information so they can make informed choices when they are managing their positions in the market. The Joint Parties are not seeking perfection or certainty on market outcomes. However, the CAISO must do more to ensure that the market understands the rules of the road. This is not happening today.

- The CAISO's daily market operations appear to be inconsistent. For example, it is not clear why the CAISO relied on exceptional dispatch one day to solve for constraints on the SCE-Pacific Crest Trail line, then the next day relied on constraint enforcement to solve for the same constraint, and then reverted back to exceptional dispatch on day three. The Joint Parties accept that it might be the case that the CAISO had modeled to solve some constraints and not others, but the CAISO has yet to provide stakeholders with a complete explanation for why this occurred. Given the confusion around how constraints have been enforced historically, the CAISO needs to clarify whether it will continue in the future to decide which constraints to enforce in what appears to the Joint Parties to be a random manner.
- Are there other constraints like the one for the SCE-Pacific Crest Trail that the CAISO expects will arise in the near future? If yes, what are they?
- The CAISO should provide a description of the factors it relies upon when deciding whether to enforce constraints.
- The CAISO should provide a description of the factors it relies upon when deciding whether to manually override constraint enforcement.
- The CAISO should provide a description of the process it uses to determine which constraints to model in the day-ahead and real-time markets.
- The CAISO should provide a description of how the CAISO would make a decision to add constraints to the system in the future.
- The CAISO should provide a description of when the CAISO would rely on exceptional dispatch to address constraints vs. enforcing the constraint in the market model.

³ See Attachment A for a list of data provided by other ISOs.

⁴ The CAISO does not share with the market when it is taking actions that are expressly provided for in the tariff versus when it is acting under its perceived discretion because the tariff either is not clear or is silent. The tariff is the ISO's contract with the market and establishes the rules of the road. In order for market participants to understand the CAISO's actions, the CAISO needs to provide an explanation of the tariff basis for those decisions.

Timely Information

To facilitate more transparency, the benefit of any Data Release also depends on timing. Market participants need the ability to understand how the CAISO intends to address transmission constraints with adequate time to react. Thus, in the future, the CAISO must communicate with market participants prior to changing a rule or practice or implementing a new practice, like binding constraints, particularly when pricing impacts are inevitable.⁵ The CAISO needs to release this information prior to enforcing the binding constraint in either the day-ahead or real-time markets. The CAISO states that the short time increments associated with the real-time market could make it difficult to release data on changes between increments. Unfortunately, receiving information after the fact typically is not adequate.

Using the recent SCE-Pacific Crest Trail constraint as an example, the CAISO did not notify the market that it would enforce transmission constraints for that path. So the market continued to work under the assumption that the CAISO would rely on exceptional dispatch to address constraints. On Wednesday, November 11, the market was surprised to learn that the CAISO used constraint enforcement to address some constraints, even though the day before the CAISO used exceptional dispatch. The particular constraint – “SCE_PCT_IMP_BG” – is not defined publicly, not even in the CRR FNM definitions. The unexpected enforcement of the new constraint created a significant pricing event, as well as future uncertainty because market participants did not know what exactly the CAISO was doing, what the nature of the constraint was, or how long it would last. As a result, it had a real impact on the value of positions taken by market participants. Even at the time of submitting these comments, this constraint is not defined in the FNM available to market participants. Any Data Release practice must strive to eliminate unnecessary surprises such as the one that occurred with SCE-Pacific Crest Trail.

In sum, the timely release of transmission constraint data would consist of providing market participants with (1) future data as far out as practical based on the nature of the specific data in question; (2) real-time and intra-day data; and (3) final data reflecting actual market outcomes that is complete and accurate.

Practice Divergence

In addition to providing market participants with prior notice of constraint data and practices, the CAISO should provide the market with notice when it materially diverges from established constraint management data or practices.⁶ For example, if the CAISO uses its discretion to manually override constraint enforcement, the CAISO needs to let the market know that it made that choice and explain the rationale for its divergence from established practice.

⁵ This has become an immediate issue for the Joint Parties because the CAISO has decided to bind a constraint verses exceptionally dispatch for a constraint. When the CAISO makes these changes, there are real LMP price impacts on generation, load, CRRs, and other physical and financial transactions that serve as the impetus for the need for more transparency.

⁶ As FERC also observed “we share protesters’ concerns regarding the need for transparency regarding manual intrusions in the CAISO’s markets, no matter how necessary they may be.” October 2 Order at P 43.

Equal Data Access

The Joint Parties also are concerned that certain market participants could have an understanding of the CAISO transmission constraints that potentially gives them a competitive advantage over others. If a market participant gains a competitive advantage based on the position it manages, this is not significant because every market participant has market insight that is unique to its own role in the market. On the other hand, certain participants may have priority access to constraint data from the CAISO that allows those participants to take steps to manage their exposure when constraints occur. The CAISO Data Release practices need to be designed to provide the market with the same data at the same time so as to avoid an unlevel playing field. At the outset, this would require the CAISO to make all current information regarding constraints currently available to all market participants.

Confidential Information

The Joint Parties anticipate that confidentiality will be a potential objection to releasing the requested information. Based on the Joint Parties' experience with other markets, confidentiality is not a reason to deny market participants access to data relevant to transmission constraints. Other markets release confidential information to market participants subject to non-disclosure agreements and procedures aimed at protecting the data. The same is true for critical energy infrastructure data at FERC. The CAISO can and should implement agreements and information technology solutions to control access to sensitive data without barring access completely.

Other Open Issues

Page 8: The CAISO states that the BPM for the Full Network Model indicates several instances in which it is not appropriate for the IFM/RTM Systems to enforce all constraints that are specified in the raw FNM. Are there any instances that are not described in the BPM? If yes, what are they?

Page 8 n.1: CAISO states that its "operating procedures define constraints other than thermal limits of individual network branches, and state the conditions in which the constraints are valid, including variation by season, time of day, temperature, wind speed, existence of outages, market time horizon, etc." Can the CAISO specify all such procedures and indicate whether and where market participants can access them?

Page 9: The CAISO lists five main guidelines that describe what transmission limits are generally not enforced in one or more of the ISO Market processes. Is this a complete list? If not, what is missing? Are all the applicable enforcement exceptions expressly stated within each guideline (for example, is the WECC exception the only exception for the inertia guideline)?

Page 10: The CAISO states that "planned transmission outages present another situation where there is a need for the ISO to exercise judgment as to whether to enforce a contingency-based constraint." What criteria does the CAISO use to decide whether and how to exercise its judgment and which alternative constraints should be applied instead?

Page 10: The CAISO states that it adapts its constraint enforcement in response to market lessons and that it may adjust a constraint limit as a preferable third alternative to either turning the constraint completely off or enforcing it at its normal limit. What criteria does the CAISO use to decide whether and how to adjust a constraint limit?

Page 11: The CAISO explains that “additional contingencies can be defined and activated in addition to the base contingencies where appropriate.” Does the CAISO provide the market with notice prior to or after exercising this discretion? If yes, how? If no, why not?

Page 12: The CAISO states that it enforces “any temporary nomograms or contingencies used for specific outages.” Does the CAISO provide the market with notice of these temporary nomograms or contingencies? If yes, how? If no, why not?

Page 12: The CAISO provides a list illustrating the types of transmission constraints that are generally unenforced. Are there others? If yes, what are they?

Page 13: The CAISO states that it does not enforce “select nomograms in the Day-Ahead Market where effective generation” use may be limited. Is there a list of the “select” nomograms? If so, where can market participants find the list?

Page 14-15: The list of guidelines for adjusting limits has some subjective aspects to them. For example, the CAISO states that “flowgates that consistently bind in the real-time market and are conformed in the real-time market may also need to be biased in the day-ahead market. But this is not always the case and varies depending on the type of constraints that become binding in the real time market.” How does the CAISO decide that the requisite facts exist to justify a decision to adjust or not adjust a limit?

Page 14-15: For the list of guidelines for adjusting limits, does the CAISO provide prior or after-the-fact notice to the market of the existence the factors described in each guideline? For example, does/will the CAISO tell the market when real-time market flows are not consistent with actual flows?

Attachment A

The following is an illustrative list of data that other ISO's provide to their market participants.

PJM

<http://oasis.pjm.com/doc/linesout.txt> line outages

<http://www.pjm.com/markets-and-operations/energy/real-time/7-day-load-forecast.aspx> 7 day forecast

<http://www.pjm.com/markets-and-operations/energy/real-time/lmp.aspx> DA LMP Files

<http://www.pjm.com/markets-and-operations/energy/real-time/lmp.aspx> RT LMP Files

<https://esuite.pjm.com/mui/> Esuite Homepage (PJM members site)

- eData - Graphical display of Load, Tie Flows, Ace, Dispatch Lambda Rate, LMP, LMP Contour Map, Reactive Transfer Interface, Weather Maps, Weather Temp, Reserve Quantities, Wind Generation
- OASIS - ATC display, Transaction Information, Energy Schedules, Buy Service, Message posting
- eMKT - Generation bidding and awards, Virtual bidding and awards
- Emerg. Procedures
- EES - Physical transaction and ramp reservations

<http://www.pjm.com/pub/account/lmpgen/lmpost.html> Public RT Lmp pricing, RT Load, RT Constraint Info

<https://esuite.pjm.com/mui/> PJM Operational Page

MISO

[http://www.midwestmarket.org/page/LMP+Contour+Map+\(EOR\)](http://www.midwestmarket.org/page/LMP+Contour+Map+(EOR)) MISO RT/DA pricing info

[http://www.midwestmarket.org/page/Real+Time+Info+\(EOR\)](http://www.midwestmarket.org/page/Real+Time+Info+(EOR)) MISO RT constraint and Load Info

http://www.midwestmarket.org/publish/Folder/10b1ff_101f945f78e_-75e70a48324a Mkt reports - Historical Pricing RT/DA, Load, RSG (fees), Settlement Info

<https://markets.midwestiso.org/MISO/> MISO Portal - Member site - Transaction Info - Virtual Mkt, Reserve and Generation Info

<http://oasis.midwestiso.org/OASIS/MISO> - general website with business practices, general information, system information, studies, and notice to customers

https://oasis.midwestiso.org/documents/miso/outage_reports.asp (certificate based) - Planned transmission outage information

https://oasis.midwestiso.org/documents/miso/RT_outage_reports.asp (certificate based) - Real-time outage reports, including data on flow gates & ATC

NYISO

http://www.nyiso.com/public/market_data/zone_maps.jsp Zone map - Visual depiction of LMP, Load/Flow, HAM and DAM pricing

http://www.nyiso.com/public/market_data/pricing_data.jsp Pricing info - DA, HAM, RT, Ancillary Services

http://www.nyiso.com/public/market_data/graphs.jsp Graphically depiction of LMP, Load/Flow, Ham, DAM and RT pricing

<http://www.nyiso.com/public/documents/index.jsp> User manuals, tariffs and legal info

<http://mis.nyiso.com/public/> info for DA, RT and historical, ATC and TTC information as well

ISO-NE

<http://www.iso-ne.com/portal/jsp/Impmap/Index.jsp> Zone map for DA, RT and Ancillary Services

<http://www.iso-ne.com/calendar/day.action> Daily informational postings

http://www.iso-ne.com/markets/hrly_data/selectHourlyLMP.do Historical LMP DA/RT data

http://www2.iso-ne.com/smd/transmission_services/oasis/New_England_TTC_Tables.htm RT and DA Line ATC report

<http://www.iso-ne.com/portal/> Portal - Load, Pricing, tie flow info