

2013 Stakeholder Initiatives Catalog, January 28th, 2014 Revision

Submitted by	Company	Date Submitted
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CPUC Staff appreciates this opportunity to comment on the January 28th revision to the Stakeholder initiatives catalog. In general we support the 2013 Stakeholder Initiative Schedule with some exceptions. We would like to take this opportunity to thank the CAISO for including stakeholder input in the initiatives catalog process.

Process Improvements:

We were pleased that many of the issues which concerned us received high rankings by other stakeholders and were considered highly rated by CAISO's process. However, we are concerned that in preparing the 2013 Stakeholder Initiative Schedule, the CAISO didn't follow the progressive ranking process of issues by not calendaring the most highly ranked initiatives while prioritizing some discretionary initiatives that were not highly ranked in front of the highly ranked initiatives. From our perspective, including discretionary projects that were ranked low by stakeholders takes resources away from those initiatives that stakeholders deemed more important.

CAISO Roadmap:

Addressing lesser initiatives might be reasonable if the CAISO had scheduled the highest ranking stakeholder initiatives as determined by the participants in the Stakeholder Initiatives Catalog process and still had some bandwidth left to address lesser priority issues. Before the CAISO schedules initiatives which received scant attention and support during the ranking process, CAISO should undertake the highest ranked initiatives.

In the latest Stakeholder Catalog the CAISO chose not to schedule the following highly ranked initiatives in the 2014 calendar.

- Review of Convergence Bidding and Real Time Congestion Cost Uplift Allocation.
- Mitigating Transient Price Spikes, Real-Time Imbalance Energy Offset (RTIEO)/ Real-Time Congestion Offset (RTCO)

On the other hand the CAISO chose to schedule unranked or lesser initiatives that only one or two stakeholders considered a priority, such as:

- Pay for Performance Review and Enhancement.
- Bidding Rules.
- Active Power Control Interconnection Requirements for Variable Energy Resources.

These low ranked initiatives use resources which could be used toward initiatives which are deemed by a large number of stakeholders to be more significant and valuable to the market.

Review of Convergence Bidding and Real Time Congestion Cost Uplift Allocation:

The CAISO has not given a high priority to the review of convergence bidding and real time congestion cost uplift and has not included it in the schedule. CPUC staff agrees with the CAISO suggestion to combine together both the Convergence Bidding and Real Time Congestion Cost Uplift Allocation initiatives. We believe that CAISO should prioritize these two initiatives together in one initiative and schedule it into the second quarter of 2014.

The CPUC shares the concerns of the major load serving entities, in particular, that they should not be unfairly allocated costs that are exacerbated by convergence bidding and activities that result in real time congestion uplifts.

The CAISO has not included this initiatives to address in 2014 because the “ISO believes the Full Network Model Expansion (FNME) initiative [*may*] more appropriately addresses these real-time congestion uplift costs...”. However, there is no empirical evidence to suggest that the FNME will effectively reduce uplifts, because it is very difficult to predict loop flows that change hour-to-hour and day-to-day. It may be just as likely that the FNME over or under predicts loop flows and exacerbates real time congestion uplifts. CPUC staff still hopes, as the CAISO does, that real time congestion uplifts measurably decrease as a result of the FNME.

Regardless whether the FNME reduces real time congestion uplifts, the cost allocation mechanism will remain flawed and should be addressed sooner rather than later.

Mitigating Transient Price Spikes, Real-Time Imbalance Energy Offset (RTIEO)/ Real-Time Congestion Offset (RTCO):

CPUC staff believes this initiative should be calendared as soon as possible given its persistent history and the apparent lack of traction from prior initiatives specifically designed to reduce transient price spikes. We all hope that the initiatives in process or already completed have beneficial effect on the transient price spikes, but it doesn’t seem prudent to wait another year and a half to find out. Scheduling this initiative in Q3 of this year will take advantage of any new information received from FERC 764 enhancements.

CPUC staff believes it is more difficult to add an initiative to the calendar should a persistent problem continue, rather than remove something from the calendar should the symptoms of the persistent problem abate.