

**COMMENTS OF ENERGY DIVISION STAFF ON THE DRAFT FINAL PROPOSAL FOR CONGESTION REVENUE RIGHTS AUCTION EFFICIENCY, TRACK 1B**

<b>Submitted By</b>	<b>Company</b>	<b>Date Submitted</b>
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Energy Division staff (“ED staff”) appreciates CAISO’s continued recognition that under the current CRR construct, “[t]hose participants with measured demand effectively do not have a fully funded product while entities without measured demand do have a fully funded product,”<sup>1</sup> which is “inequitable among all classes of congestion revenue rights holders and inequitable among load-serving entities.”<sup>2</sup>

To the extent that CAISO moves forward with the Track 1B proposal, ED staff supports CAISO’s intention to allow surpluses on a given constraint to offset deficiencies on that same constraint throughout the month and to allocate any remaining surpluses to load.<sup>3</sup> ED staff also supports the change identified in CAISO’s addendum to the Track 1B proposal, which would encourage revenue sufficiency by limiting payment reductions over individual constraints to CRRs in the prevailing direction of flow.<sup>4</sup>

Whereas ED staff supports these improvements, it is important to clarify that we see them as reasonable stopgap measures until CAISO addresses a more equitable long-term solution to the fundamental issues acknowledged in CAISO’s statements above. ED staff supports a robust “willing counterparties” framework first and foremost, and our support for aspects of CAISO’s Track 1A and Track 1B proposals is based primarily on our impression that CAISO has signaled that it does not plan to seriously consider a “willing counterparties” framework further in Track 2. To wit, CAISO explicitly states that the Track 1A and Track 1B proposals “are not temporary measures”<sup>5</sup> and that “CAISO does not see the benefit of further discussing the specific [‘willing counterparties’] proposal advanced by Southern California Edison.”<sup>6</sup>

ED staff does not understand how CAISO can entertain comprehensive and long-term revisions to the CRR construct – including variations on the Southern California Edison proposal or on any other proposal that may not require the changes anticipated in Track 1A and Track 1B – when at the same time, CAISO appears to stipulate that the Track 1A and Track 1B proposals will serve as a starting point for Track 2, pending FERC approval. ED staff seeks clarification on this point.

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<sup>1</sup> *Congestion Revenue Rights Auction Efficiency Track 1B Draft Final Proposal* at 6

<sup>2</sup> *Ibid.* at 5

<sup>3</sup> *Ibid.* at 7, 32-33

<sup>4</sup> *Congestion Revenue Rights Auction Efficiency Track 1B Draft Final Proposal Addendum* at 30-31

<sup>5</sup> *Congestion Revenue Rights Auction Efficiency Track 1B Draft Final Proposal* at 5

<sup>6</sup> *Ibid.* at 5