

# **Comments on the Generator Contingency & RAS Modeling – Revised Straw Proposal**

## **Department of Market Monitoring July 14, 2017**

The California ISO Department of Market Monitoring (DMM) appreciates the opportunity to comment on the ISO's Generator Contingency & RAS Modeling Draft Final Proposal (Proposal).<sup>1</sup>

DMM supports the ISO's proposed generator contingencies and remedial action schemes (RAS) modeling. The ISO's proposal will allow the day-ahead and real-time market models to more efficiently manage generator contingency and RAS constraints and is consistent with standard LMP market design and congestion pricing. Therefore the ISO does not need to modify the market power mitigation. The mitigation process can treat the proposed constraints in the same manner as current constraints.

DMM previously detailed how CRR auction participants could take advantage of inconsistent modeling between the auction and generator contingency and RAS constraints.<sup>2</sup> The CRR auction design is the source of the inconsistency, not the current Proposal. The ISO stated in the Proposal that RASs have rarely been activated or deactivated on days other than the first day of a month. The ISO was not clear on how often RASs were activated or deactivated mid-quarter, i.e. within the term of the seasonal auctions.

The ISO also stated that the decision on whether/how to model both generator contingencies and RASs in the CRR auctions will be consistent with the ISO's current practices for outage modeling. DMM takes this to mean that the ISO views the risk to the CRR auction as similar to the current transmission outage modeling. The problems created by inconsistent modeling of generator contingencies and RAS between the auction and day-ahead market are indeed functionally the same as the inherent inconsistent modeling of transmission outages. Therefore the ISO's proposal is consistent with current CRR policy and practices.

The Proposal does not create fundamentally new risks to ratepayers from the CRR auction. DMM does not believe problems with the CRR auction design should stop a proposal with clear reliability and market efficiency benefits. However, the ISO should continue to evaluate the effects of the proposed modeling on CRR auction outcomes and be prepared to suspend using these constraints if needed. The ISO should also continue to evaluate changing or eliminating the CRR auction which continues to create risks and financial losses to ratepayers.

---

<sup>1</sup> *Generator Contingency & RAS Modeling – Revised Straw Proposal*, June 30, 2017:

<http://www.caiso.com/Documents/DraftFinalProposal-GeneratorContingencyandRemedialActionSchemeModeling.pdf>.

<sup>2</sup> *Comments on the Generator Contingency and RAS Modeling – Revised Straw Proposal*, DMM April 5, 2017.

[http://www.caiso.com/Documents/DMMComments\\_GeneratorContingencyRemedialActionSchemeModeling\\_RevisedStrawProposal.pdf](http://www.caiso.com/Documents/DMMComments_GeneratorContingencyRemedialActionSchemeModeling_RevisedStrawProposal.pdf).