

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

**California Independent System) Docket No. ER21-955-000
Operator Corporation)**

**MOTION TO INTERVENE AND COMMENTS
OF THE DEPARTMENT OF MARKET MONITORING
OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. §§385.212, 385.214, the Department of Market Monitoring (“DMM”), acting in its capacity as the Independent Market Monitor for the California Independent System Operator Corporation (“CAISO”), submits this motion to intervene and comment in the above-captioned proceeding.

I. MOTION TO INTERVENE

DMM respectfully requests that the Commission afford due consideration to these comments and motion to intervene, and afford DMM full rights as a party to this proceeding. Pursuant to the Commission’s Order 719, the CAISO tariff states that “DMM shall review existing and proposed market rules, tariff provisions, and market design elements and recommend proposed rule and tariff changes to the CAISO, the CAISO Governing Board, FERC staff, the California Public Utilities Commission, Market Participants, and other interested entities.”¹ As this proceeding involves CAISO tariff provisions which affect the efficiency of CAISO markets, it implicates matters within DMM’s purview.

¹ CAISO Tariff Appendix P, Section 5.1.

II. COMMENTS

In this tariff filing, the CAISO proposes five sets of tariff changes.² DMM supports all of the proposed tariff changes. We provide brief comments on each of these proposed revisions below.

Settlement of EIM base transfer schedule changes

The first revision specifies that changes to base schedule transfers after the base schedule submission deadline will be settled at the locational marginal price of each imbalance. The ISO's stakeholder initiative revealed that these energy imbalances have not been getting settled on the locational marginal price. Instead, these imbalances have been allowed to not settle in the market at all or to settle at a different price than the LMP, such as the average of the price between two balancing areas. DMM appreciates that this error was identified and supports the ISO fixing it now because, as the ISO's papers in the stakeholder initiative demonstrate, inequitable settlement issues can arise if imbalances are settled at a price other than the locational price.

EIM transfer bid cost recovery adjustment

The ISO's second revision changes the calculation that uses EIM transfers to adjust the cost allocation for real-time bid cost recovery uplift costs. DMM agrees with the ISO that the proposed changes should better align the allocation of this uplift with existing established cost causation principles of bid cost recovery cost allocation.

² *Real-Time Settlement and Base Schedule Timeline Enhancements*, California Independent System Operator Corporation, Docket No. ER21-955-000. ("Transmittal Letter") <http://www.caiso.com/Documents/Jan27-2021-TariffAmendment-EIM-Enhancements-Real-Time-Settlements-and-BaseScheduleTimelines-ER21-955.pdf>

Settlement of EIM base schedules below minimum load

The third revision allows start-up energy for resources in EIM balancing areas to be included in base schedules so that this energy can count towards meeting the resource sufficiency balancing test. Including start-up energy in base schedules will increase the accuracy of this test and could reduce uninstructed imbalance settlements.

With this revision, DMM has noted that a potential bid cost recovery issue could arise because the ISO will include start-up energy in base schedules but is not going to model this start-up energy in its real-time market dispatches. In the absence of special settlement provisions, the bid cost recovery calculation would treat the difference between this start-up energy base schedule and its real-time energy dispatch as an energy buyback (with negative market revenue) in the fifteen-minute market without a corresponding bid cost decrease. This could inflate bid cost recovery payments.

DMM understands that the ISO intends to not include these negative market revenues in its bid cost recovery calculations. Settlements will not calculate any Expected Energy for the difference between the start-up energy in base schedules and real-time market dispatches. This special provision should prevent base schedule start-up energy from inflating bid cost recovery payments. The ISO will also calculate uninstructed energy for these start-up periods as the difference between the base schedule energy and metered output. This should prevent a generator from getting paid imbalance energy for output up to its base schedule.

EIM entity unaccounted for energy settlement option

The fourth revision allows EIM entities who must derive their load through generation and intertie meters the option to not settle unaccounted for energy. For such entities, unaccounted for energy is not a very relevant metric. DMM has not identified any problems or issues with allowing these entities to not settle unaccounted for energy.

EIM base schedule submission timeline change

In the final set of tariff changes, the ISO proposes moving the base schedule submission deadline closer to the beginning of the fifteen-minute market run. This will allow greater flexibility for Western EIM participants to take actions to pass the sufficiency tests — and thereby avoid the resulting restrictions on Western EIM transfers.

III. CONCLUSION

DMM respectfully requests that the Commission afford due consideration to these comments as it evaluates the proposed tariff provisions before it.

Respectfully submitted,

/s/ Ryan Kurlinski

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Independent Market Monitor for the California
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Dated: February 17, 2021

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 17th day of February, 2021.

/s/ Ryan Kurlinski
Ryan Kurlinski