California ISO

Attachment A

Stakeholder Process:
FERC Order No. 831 – Import Bidding and Market Parameters Proposal

Summary of Submitted Comments

Stakeholders submitted five rounds of written comments to the ISO on the following dates:

- Round One: Issue Paper and Straw Proposal comments received 5/30/19
- Round Two: Revised Straw Proposal comments received 12/20/19
- Round Three: Draft Final Proposal comments received 5/21/20
- Round Four: Revised Draft Final Proposal comments received 8/13/20
- Round Five: Final Proposal comments received 8/31/20

Parties that submitted written comments: Balancing Authority of Northern California, California ISO - Department of Market Monitoring, Calpine, NV Energy on behalf of Arizona Public Service, Idaho Power Company, NV Energy, PacifiCorp, Portland General Electric Company, and Puget Sound Energy, Pacific Gas & Electric, Powerex, Shell Energy, and Southern California Edison.

Stakeholder comments are posted at:
https://stakeholdercenter.caiso.com/StakeholderInitiatives/FERC-Order-831-Import-bidding-and-market-parameters

Other stakeholder efforts include:

- Issue Paper and Straw Proposal conference call, 5/16/19
- Revised Straw Proposal conference call, 12/5/19
- Draft Final Proposal conference call, 4/29/20
- Revised Draft Final Proposal conference call, 7/29/20
- Final Proposal conference call, 8/31/20

Market participant	Adjusted market constraint relaxation parameter prices to align with increased energy bid cap, pricing threshold before applying $2,000/MWh power balance constraint relaxation price	Price screening methodology for import and virtual bids greater than $1,000/MWh	Other comments
Balancing Authority of Northern California	Supports proposal, believes proposal to use NERC defined Balancing Authority ACE Limit (BAAL) standard provides a uniform and objective pricing threshold. Also believes this proposal balances concerns regarding setting energy prices based on the $2,000/MWh constraint relaxation price when there are small infeasibilities that may not represent actual shortfalls.	No comment	Not applicable
California ISO - Department of Market Monitoring	Supports proposal, believes it is a reasonable approach for triggering scarcity pricing under FERC Order No. 831.	Supports proposal, believes it is a generally reasonable approach for allowing bids greater than $1,000/MWh. Expressed concern about the use of published bilateral trading hub index prices in the maximum import bid price calculation, stating using these prices could allow high-priced imports and exports and raise ISO market prices when there is no scarcity in the ISO. In addition, expressed concern that at times the bilateral trading hub index prices the proposal includes may not be sufficiently liquid to produce accurate prices.	Encourages ISO to perform a comprehensive review of Western EIM and ISO scarcity pricing and export scheduling and pricing market rules. Recommends the ISO review the implications of these topics on resource adequacy policy.

Market participant	Adjusted market constraint relaxation parameter prices to align with increased energy bid cap, pricing threshold before applying $2,000/MWh power balance constraint relaxation price	Price screening methodology for import and virtual bids greater than $1,000/MWh	Other comments
Calpine	Opposes the proposal to apply the threshold value based on the NERC BAAL standard because it believes any amount of supply shortage should be reflected in prices and prices should rise before supply is exhausted.	Supports use of higher of external bilateral market prices at Mid-C and Palo Verde in the maximum import bid price calculation as an approximation of the cost of supply from external resources. Also supports proposal to scale multi-hour block bilateral energy prices by hour using system marginal energy costs from a similar day with a similar demand profile.	Strongly encourages ISO to conduct a comprehensive review of scarcity pricing provisions in its market.
NV Energy on behalf of Arizona Public Service, Idaho Power Company, NV Energy, PacifiCorp, Portland General Electric Company, Puget Sound Energy	Supports proposal, but believes a shortage exceeding the threshold value based on the NERC BAAL standard is not always an indication of actual scarcity.	No comment	Encourages ISO to prioritize further review of scarcity pricing provisions in its market. Also, encourages the Governance Review Committee to implement full joint authority between the EIM Governing Body and the ISO Board of Governors.

Market participant	Adjusted market constraint relaxation parameter prices to align with increased energy bid cap, pricing threshold before applying $2,000/MWh power balance constraint relaxation price	Price screening methodology for import and virtual bids greater than $1,000/MWh	Other comments
Pacific Gas & Electric	Supports proposal	Supports proposal to limit resource adequacy imports to the maximum import bid price when energy costs are greater than $1,000/MWh. Opposes use the higher of external bilateral market prices at Mid-C and Palo Verde in the maximum import bid price calculation, stating there can be large price differences between these two trading hubs that may not be reflective of market conditions where resource adequacy imports are sourced.	Recommends ISO request further time extension for complying with FERC Order 831 to allow more time to consider the extreme mid-August 2020 market conditions and its intersection with resource adequacy reforms.
Powerex	Supports proposal, but believes the $2,000/MWh power balance constraint relaxation price along with the pricing threshold should be in-place all of the time so that prices more accurately reflect scarcity during large supply shortfalls.	Supports use of higher of external bilateral market prices at Mid-C and Palo Verde in the maximum import bid price calculation as an approximation of the cost of import supply from external resources.	Encourages ISO to conduct a scarcity pricing initiative in the near future. Proposes that a key element be exploring provisions in which scarcity prices increase even above $2,000/MWh with high supply shortfalls.
Shell Energy	Supports proposal, but believes using the NERC BAAL standard is too high of a pricing threshold during times of stressed system conditions since it is likely other out-of-market actions will also be taken, i.e. exceptional dispatch and or load forecast biasing.	Expresses concern that the ISO's calculated maximum import bid price is not representative of the true costs of providing an import to the ISO market.	Encourages ISO to consider adopting a graduated scarcity pricing mechanism to send proper market signals to avoid setting energy prices too high when there are small shortages.

Market participant	Adjusted market constraint relaxation parameter prices to align with increased energy bid cap, pricing threshold before applying $2,000/MWh power balance constraint relaxation price	Price screening methodology for import and virtual bids greater than $1,000/MWh	Other comments
		Further believes it is discriminatory to apply different bidding limitations to resource adequacy imports. Supports use of higher of external bilateral market prices at Mid-C and Palo Verde in the maximum import bid price calculation.	
Southern California Edison	Supports proposal, believes use of pricing threshold based on NERC defined Balancing Authority ACE Limit (BAAL) standard is reflective of market conditions.	Supports proposal, but believes Management should subject all import bids, not just resource adequacy import bids, to the ISO's calculated maximum import bid price to promote real-time market liquidity.	Not applicable
Management's response	Management believes its proposal balances concern that $2,000/MWh may be an excessive price for small power balance constraint relaxations that may not represent real shortfalls with the countervailing concern that prices during shortages should be higher than the highest-priced bid so that they represent the value of scarce supply during shortages. However, Management acknowledges that it does not intend for this proposal, which is necessary to complement its compliance with FERC Order No. 831, to address all of the potential scarcity pricing issues for the ISO market.	Management believes the use of published bilateral index prices is a reasonable approach to determine the prevailing price of electricity in areas outside the ISO balancing authority area that are the source of imports. It is important to not overly restrict the price of imports because the ISO relies on imports to serve its load. The ISO will monitor the liquidity of the bilateral trading hubs and will only use the index prices if they meet FERC liquidity criteria for using index prices in the ISO market.	Management has committed to conducting a scarcity pricing enhancement initiative. This initiative has been added to the policy initiatives roadmap for 2021.