



Stakeholder Comments Template

System Market Power Analysis – Work Shop

This template has been created for submission of stakeholder comments on the System-Level Market Power Analysis - Workshop that was held on July 15, 2019. The workshop, stakeholder meeting presentations, and other information related to this initiative may be found on the initiative webpage at:

<http://www.caiso.com/informed/Pages/MeetingsEvents/MiscellaneousStakeholderMeetings/Default.aspx>

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **August 5, 2019**.

Submitted by	Organization	Date Submitted
<i>Joseph Greco</i>	<i>Middle River Power</i>	<i>8/05/2019</i>

Please provide your organization’s comments on the following issues and questions.

Middle River Power (“MRP”) owns and/or manages approximately 2,000 MWs of renewable and natural gas facilities throughout CA and appreciates the opportunity to provide comments on the System Market Power Analysis. MRP is concerned that the CAISO has not fully evaluated the ability for market participants to exercise market power. MRP supports WPTF’s view in their presentation given on July 15 that additional assessment is needed to carefully judge conditions in which an uncompetitive process exists.¹ Further, MRP agrees that scarcity pricing does not equate to market power. Fundamental economics demonstrate that scarcity pricing validates a well functioning market during tight supply conditions and can incent new market entrants which will resolve the pricing concern. Markets that utilize a vertical demand curve demonstrate that as scarcity pricing increases additional entrants into the market allow for an appropriate correction clearly demonstrating the difference between market power and scarcity pricing. MRP strongly supports WPTF approach to further evaluate conditions and determine if there is a need for change. Focusing on flexible ramping products can provide additional benefit

¹ <http://www.caiso.com/Documents/WPTFPresentation-System-LevelMarketPowerWorkingGroup-Jul15-2019.pdf>

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1. Resource adequacy provisions and bilateral capacity contracting

Please provide your organization's feedback on the *resource adequacy provisions and bilateral capacity contracting* topic. Please explain your rationale and include examples if applicable.

MRP supports a robust multi-year RA market that includes Local, System and Flex RA products under current MOO requirements. MRP concurs with the CAISO, that as the RA process continues to be modified at the CPUC and CAISO additional time should be taken to determine the results of the RA system modifications that may alleviate tight supply conditions. The CPUC is also considering in their IRP proceeding the additional procurement of 2,000 MW in 2021 and 2,500 MW in 2022.

Furthermore, enhancement of flexible ramping products can benefit the system and alleviate current concerns, particularly if the CAISO develops a day-ahead flexible ramping or imbalance product. Finally, MRP suggests that the CAISO require import RA to be from a designated resource and have firm transmission to assure a reliable RA supply with day-ahead and real-time must-offer obligation, if physically able. MRP does not recommend changing the program to include firm energy (self-scheduled) price contracts.

2. Load-serving entity energy procurement and hedging

Please provide your organization's feedback on the *load-serving entity energy procurement and hedging* topic. Please explain your rationale and include examples if applicable.

Please see comments above.

3. System-level market power mitigation process

Please provide your organization's feedback on the *system-level market power mitigation process* topic. Please explain your rationale and include examples if applicable.

As mentioned above, MRP suggests further evaluation is necessary prior to determining next steps. The CAISO should distinguish in its evaluation whether they are identifying uncompetitive intervals due to supplier concentration or tight supply. MRP believes it is appropriate for the price to rise as a reflection of supply and demand conditions.

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4. Enhanced ISO market scarcity pricing provisions

Please provide your organization's feedback on the *enhanced ISO market scarcity pricing provisions* topic. Please explain your rationale and include examples if applicable.

MRP strongly supports the CAISO evaluating whether the current scarcity pricing conditions in the day-ahead market are triggering and pricing at appropriate levels to incent efficient bidding practices.

5. Optional comments on stakeholder-presented topics

As noted in the introduction, MRP supports the conclusions of WPTF's presentation

6. Additional comments

Please offer any other feedback your organization would like to provide on the topics discussed during the workshop.

None at this time.