



2019 Final Policy Initiative Roadmap

Submitted by	Organization	Date Submitted
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PG&E appreciates the opportunity to comment on the 2019 Final Policy Initiatives Roadmap. PG&E understands and supports CAISO's effort to address the various policy initiatives in order to effectively meet the state's environmental policies. PG&E, however, remains concerned at the immense workload necessary to properly complete and implement all the proposed initiatives in the annual plan. Ultimately, PG&E is concerned that high-impact or FERC-mandated initiatives might get delayed because the necessary resources and personnel to thoughtfully carry out each initiative are too thinly stretched. While PG&E thinks it's appropriate to address all the proposed initiatives in the upcoming year, it is important to consider how to prioritize if CAISO is not able finish all stated initiatives due to unforeseen challenges or resource constraints. In that vein, PG&E offers the following comments on key initiatives that we think should be prioritized and thus should not be delayed.

1) RMR & CPM Enhancements

PG&E acknowledges that the RMR & CPM Enhancement initiative is ongoing and that there are still difficult issues to resolve but urges CAISO to adhere the current schedule as outlined in the Roadmap. The *pro forma* RMR agreement and tariff provisions have essentially remained unchanged for the last 20 years while there have been substantial changes to energy policy and energy markets in California. For the past several years, there were few remaining RMR resources but there has been an increase in the number and size of resources designated to provide RMR services. Given the substantial increase in resources being designated to provide RMR services it is essential that the outdated terms be modified as expeditiously as possible. Delaying the completion of this initiative will only increase costs for California customers with the potential for additional market distortions. PG&E requests that this situation be remedied to address any new RMR resources that enter into the outdated terms of the *pro forma* RMR agreement.

2) System MPM

The CAISO should prioritize launching an initiative to address System Market Power in early 2019 as stated in the roadmap. Energy market prices in 2017 and 2018 revealed a lack of competition during the high-load hours and hours with constrained supply. The possible drivers of these high prices, such as constrained peak-hour supply, more net sellers, and further concentration of suppliers, will persist or worsen

and will only exacerbate the high-price problem in the future. PG&E fears that the problem has the potential to get even worse. If high energy prices are a sign of a lack of competition in the market, PG&E thinks applying a system market power mitigation process when supply is constrained is an appropriate and necessary measure to take in order to ensure competitive outcomes and limit gaming of the market.

3) RA Enhancement – Outage Management

PG&E and other stakeholders raised several issues related to how RA is treated within the Outage Management process during recent changes to the BPM process (*i.e.*, PRR 1074). While PG&E appreciates CAISO’s clarification on RAIM exceptions for transmission-induced outages, there are still many problems with the current process that require review and revision; for example:

- **Complete uncertainty of outage viability until near real-time**
- **Rejected outages** due to lack of RA substitute for “resources” like solar at night or hydro with no water behind it
- **Misalignment of the outage management RA check with other processes**, *e.g.*, a ten-day outage could be cancelled on the second day due to a limited RA look-ahead

It is time for CAISO and its stakeholders re-evaluate how RA is used in the outage management process and whether a monthly RA requirement is the best metric by which to judge the reliability risk of an outage.

The uncertainty and inadequacy of the process is affecting PG&E’s ability to do maintenance work. These issues cannot wait to be addressed in 2020 as they represent a real long-term reliability risk for PG&E and other asset owners. Critical maintenance cannot be put off indefinitely. Therefore, we urge CAISO to prioritize this issue in 2019.