

## Stakeholder Comments – Price Performance Analysis

Submitted by	Company	Date Submitted
Wei Zhou ( <a href="mailto:wei.zhou@sce.com">wei.zhou@sce.com</a> )	Southern California Edison (SCE)	Oct 11, 2019

SCE appreciates the opportunity to provide the following comments on the CAISO Price Performance Analysis final report dated September 23, 2019 and the presentation dated September 27, 2019<sup>1</sup>.

As stated in its prior comments<sup>2</sup>, SCE believes that various findings from this effort can be potentially useful to inform policy discussions, however, any proposed policy change (and the discussion thereof) should follow the standard stakeholder process, in the form of policy initiatives (existing or new). This is important since many topics (such as issues with the flexible ramping product, drivers for price divergence, including net load uncertainties between day-ahead and real-time markets, etc.) would involve policy discussions on complicated, inter-related issues that are best addressed in various initiatives.

The deliberations in the report seem to dwell on variables that may not have any direct impact on price convergence. For instance, substantial discussion is devoted to FRP, a RT product, yet the largest driver of the price divergence appears to be DA-RT net load uncertainty<sup>3</sup>. It's unclear how the CAISO's considerations of potential FRP changes would translate to price convergence between the DA and RT markets; and, what specific, actionable suggestions result from the Price Performance Analysis report that can be used in the DAME initiative.

Similarly, in analyzing July 2018 price divergence, the CAISO presents gas-electric price correlation to identify gas price as a driver. It's unclear whether the CAISO can quantify how much its implementation of the CCDEBE policy would help in future price convergence. Further, the CAISO also identifies forecast error as an issue, but it remains unknown how this would help inform its ongoing policy approach in the DAME initiative. Finally, the CAISO provides a study of June 10, 2019 with regard to the impact of load conformance, but the report does not provide information on whether, and if so, how, the CAISO's implementation of imbalance conformance enhancements has prevented/mitigated the outcome.

In short, while the report is useful and has identified several findings, to fully utilize the information provided by the report, the CAISO should evaluate policy issues within relevant stakeholder initiatives so these questions can be answered and the findings in the report can be more meaningfully related to policy discussions in those initiatives, existing or new.

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<sup>1</sup> Price Performance in the CAISO's Energy Markets, September 23, 2019 <http://www.aiso.com/Documents/FinalReport-PricePerformanceAnalysis.pdf>. CAISO Presentation, September 27, 2019, <http://www.aiso.com/Documents/Presentation-PricePerformanceAnalysis.pdf>.

<sup>2</sup> SCE Comments on Price Performance Analysis, dated July 3, 2019, available at <http://www.aiso.com/Documents/SCEComments-PricePerformanceAnalysisWhitePaper-Jun21-2019.pdf>.

<sup>3</sup> The CAISO Presentation, at 5.