

Stakeholder Comments

Bid cost recovery (BCR) and variable energy resource (VER) settlement Final proposal

Submitted by	Company	Date Submitted
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The following are Southern California Edison’s (SCE) comments on the California Independent System Operator’s (CAISO) May 20, 2015, Final Proposal¹.

While this initiative's focus is on BCR and VER settlements, with emphasis on applicability of Persistent Deviation Metric (PDM), SCE would like to draw attention to the validity of CAISO dispatch instructions. The underlying assumption of applying a PDM is that all CAISO dispatches are deemed accurate.

SCE is very concerned with the frequency of infeasible dispatches issued to units. Such dispatches not only violate the ramping constraint but have also led to other problems such as disqualification of Regulation resources. This initiative’s focus on the PDM underscores the importance of feasible dispatches. Applying a PDM will have no relevant impact without a feasible dispatch. Thus, PDM would not be appropriate. The CAISO should address and remedy infeasible dispatches before moving further on any application of PDM.

SCE supports the CAISO’s removal of the application of the PDM for self-scheduled (SS) Variable Energy Resources (VERs)

The CAISO’s proposal to remove the PDM for Residual Imbalance Energy (RIE) is appropriate. Applying PDM to a SS price taking VER will not incentivize the resource’s behavior, thus, the PDM is not a meaningful tool to mitigate the resource’s deviations.

¹ http://www.caiso.com/Documents/DraftFinalProposal_BidCostRecovery_VariableEnergyResourceSettlements.pdf

SCE supports the CAISO's removal of PDM for economically bidding VERs for the portion of RIE due to forecast change

SCE supports the CAISO's proposed change that the PDM be removed when the resource is only responding to a forecast change and when there is simultaneously a forecast and LMP change overlapping in the residual imbalance energy.

However, SCE urges the CAISO to provide more transparency on how RIE is segregated into RIE_due_to_Forecast vs RIE_due_to_Economic. And in the event of a Forecast data correction or a Price correction, the RIE should be recalculated for subsequent settlements reruns.

SCE requests the CAISO to provide more transparency on how VER forecast change gets classified as Optimal Energy vs Residual Imbalance Energy

SCE does not feel that there has been sufficient understanding on the differentiation between these two classes of energy. With RIE as a core concept in this process, it is imperative that there is a clear understanding of the processes that classify energy due to a forecast change.