

Southern California Edison
Stakeholder Comments

Draft 2015 Stakeholder Initiative Catalog, October 1, 2014

Submitted by	Company	Date Submitted
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Southern California Edison (SCE) appreciates the opportunity to comment on the California Independent System Operator (CAISO), October 1, 2014 Draft 2015 Stakeholder Initiatives Catalog¹. SCE generally supports the CAISO’s proposed initiatives, with some exceptions, and thanks the CAISO for engaging stakeholders in the development of this catalog. The following are detailed comments on certain aspects of the proposed catalog.

The CAISO should establish a process to revisit demand response programs in the tariff to conform with DC Court decision on FERC Order 745

On June 13, 2014 the DC Court of appeals vacated FERC’s Order 745 which laid out payment and participation rules for retail demand response in ISO/RTO wholesale markets. The current tariff provisions are still in place and an appeal may be made at the supreme court, but changes to the tariff will be required if the court decision is upheld. The CAISO should establish a process to revisit demand response programs in the tariff to conform with these court rulings.

Marginal Loss Surplus Allocation Alternative Approaches (Section 2.2) should be deleted

The CAISO should eliminate its Marginal Loss Surplus (MLS) Allocation Alternative Approaches initiative because the FERC has explicitly denied the CAISO’s attempts to explore alternative approaches to MLS allocation: “Thus, we continue to find the CAISO’s proposed method of allocating over-collection to be just and reasonable and deny this rehearing request. Accordingly, we reject all requests for rehearing of the over-collection allocation methodology.”²

¹ http://www.caiso.com/Documents/Draft_2015StakeholderInitiativeCatalog.pdf

² Paragraph 44, ORDER GRANTING IN PART AND DENYING IN PART REQUESTS FOR CLARIFICATION AND REHEARING, April 20, 2007, ER06-615-001.

Mitigating Transient Price Spikes, Real-Time Imbalance Energy Offset/Real-Time Congestion Offset (Section 13.6) should not be deleted

SCE does not believe it is appropriate to delete this initiative. The two completed efforts CAISO discusses in the catalog that could reduce real time (RT) price spikes, transmission constraint relaxation and fifteen minute market implementation, have not been in operation long enough to verify price spike frequency has been reduced to an acceptable level. Additionally, other market changes may affect the frequency of transient price spikes, including EIM and convergence bidding on interties. SCE believes the CAISO should continue to monitor and, if needed, continue initiatives to improve RT prices.

Protocols(s) for Simulation and Testing of New Models, Design Changes, or Products (Section 13.16) Should Not Be Deleted Because “this is a potential process improvement and not a market design initiative.”

As stated in the catalog, “Although the ISO conducts testing and simulations for some design or model changes or new products, it does not have transparent, defined criteria for when testing and simulations are conducted or what protocols are applied.” For this reason, SCE believes the initiative is needed to improve existing processes and should not be deleted.

Contingency Modeling Enhancements (Section 3.1) should be “discretionary”

The FERC has not mandated that the CAISO conduct this initiative. While the FERC has expressed concern over Exceptional Dispatches (“EDs”), the FERC did not mandate that the CAISO address EDs in the manner provided in the Contingency Modeling Enhancements (CME) initiative. To accurately represent the status of this initiative, the CAISO should label this as “discretionary”.