

Stakeholder Comments

2017 Stakeholder Initiatives Catalog

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Southern California Edison (SCE) offers the following comments on the 2017 Stakeholder Initiatives Catalog¹ of the California Independent System Operator (CAISO).

SCE supports the CAISO undertaking the Section 7.5, Storage Generation Plant Modeling initiative

In SCE's experience, the CAISO's existing Non-Generator Resource (NGR) model has been inadequate in effectively modeling storage resources and the various ways they can be offered into the CAISO market. SCE has brought this to the CAISO's attention in other stakeholder processes². SCE urges the CAISO to address this issue by prioritizing a stakeholder process addressed to it and agrees with Pacific Gas & Electric (PG&E) that a stakeholder process on this issue will benefit several market participants.

SCE supports the CAISO undertaking the Section 9.1, Real-Time Market Enhancements initiative

In the Commitment Costs Enhancements process, one of the CAISO's policy foci has been on resources with daily start limitations. Given the CAISO's direction toward maximizing the number of daily starts from such resources, it would be consistent with such a goal to initiate a Real-Time (RT) Market Enhancements stakeholder process as soon as possible, that would address improved optimization that allows the CAISO to optimally commit such resources given the limiting startup constraints of these resources. Extending the Short-Term Unit Commitment (STUC) horizon for more than five hours should result in better unit commitment, in particular

¹ http://www.caiso.com/Documents/Draft_2017StakeholderInitiativesCatalog.pdf

² <https://www.caiso.com/Documents/SCEComments-EnergyStorageandAggregatedDistributedEnergyResources-ProposedScopeandSchedule.pdf>

for resources with daily start limitations. A superior optimization should consider all information, thus should include Day Ahead (DA) unit commitments and optimize over the whole day instead of the existing five hours. Any suboptimal commitment can result in daily start limitation resources being unavailable for the CAISO's use when needed.

The CAISO should also include consideration of DA Ancillary Services (AS) awards in the optimization. Ignoring DA awards can lead to infeasible dispatches in RT. Excluding such information can lead to the optimization ignoring a resource's ramp rate ability and issue infeasible Dispatch Operating Targets (DOT) to the resource. This results in the CAISO not procuring the desired Regulation as well as the resource failing the performance metric due to accuracy penalties that are not its fault. Such incidents had led to the performance metric inappropriately failing Regulation providers and the proposal of a solution by PG&E³. Since the CAISO had rejected PG&E's proposal, it is imperative that the more holistic solution of consideration of DA AS awards, be implemented by the CAISO.

SCE supports exploring the Department of Market Monitoring's (DMM) proposal in a Congestion Revenue Rights (CRR) initiative that addresses the issue mentioned in Section 12.1

In 2012, the CRR auction revenues versus CRR payments had an average shortfall of \$130 million. Most of the congestion payments were made to entities that do not participate in the physical power market serving CAISO load or maintaining the physical grid. This is an unsustainable and inefficient approach. SCE agrees with the DMM that this warrants examining alternatives to the CAISO's existing auction mechanism and supports exploration of the DMM's market recommendation for CRRs.

³ <https://bpmcm.caiso.com/Pages/ViewPRR.aspx?PRRID=860&IsDlg=0>