

Stakeholder Comments

CAISO DMM Local Market Power Mitigation Enhancements 2015

Submitted by	Company	Date Submitted
Wei Zhou – (626)302-3273	Southern California Edison (SCE)	12/22/2015

SCE appreciates the opportunity to comment on the California Independent System Operator (CAISO) and the Department of Market Monitoring (DMM) Straw Proposal on Local Market Power Mitigation (LMPM) Enhancements 2015¹.

SCE supports the effort to improve the accuracy of local market power mitigation in the CAISO market processes. As described in the Straw Proposal, about 10 to 12 percent of congested constraint intervals in financially binding Real Time Pre-Dispatch (RTPD) runs are missed by the LMPM process every month. Another 10 to 20 percent are predicted to be congested in the LMPM run but are not congested in the financially binding run. Improving the accuracy of the LMPM will improve market competition and yield greater market efficiency.

In the Straw Proposal, the CAISO DMM proposes the following changes:

1. To incorporate LMPM into the binding interval RTPD run, as opposed to the current practice where the LMPM run is performed in the advisory interval of the previous binding RTPD run.
2. To establish predictive mitigation procedure for Real Time Dispatch (RTD), as opposed to the current practice where RTD fully relies on the mitigation process in RTPD. With separate mitigation procedure for RTD, to avoid potential resource buyback due to mitigated thus lower RTD bids in the Bid Cost Recovery (BCR) process, bids mitigated in RTPD will be transferred to RTD under the proposal.

In theory, the proposed change #1 should provide better alignment in the timing and ensure the consistency of inputs between the LMPM run and the binding RTPD run to the extent that is possible. Similarly, the proposed change #2 may be appropriate because when constraints are defined differently or have different limits in RTD than in RTPD, or due to other changes between RTD and RTPD, the RTPD model cannot accurately predict congestion on those constraints in RTD.

Therefore, SCE supports the concept behind these proposed changes, however, SCE encourages the DMM to work with the CAISO implementation teams to evaluate whether these changes would lead to any undesired impacts to the market solution time (for instance, what additional time the LMPM run takes and what if the LMPM run fails within the binding interval) and whether this would lead to more DC solutions. Such information is necessary for stakeholders to consider the proposal and can serve as input to the next round of the stakeholder process.

¹ CAISO DMM Straw Proposal, dated November 25, 2015 and the presentation for the December 9, 2015 stakeholder web conference can be accessed through the links below:
http://www.aiso.com/Documents/StrawProposal_LocalMarketPowerMitigationEnhancements2015.pdf
http://www.aiso.com/Documents/AgendaPresentation_LocalMarketPowerMitigationEnhancements2015StrawProposal.pdf