

SVP Comments on Revised Straw Proposal for Generator Contingency and RAS Modeling

Submitted by	Company	Date Submitted
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In response to the CAISO’s request, Silicon Valley Power (SVP) submits the following comments on the CAISO’s Generator Contingency & RAS Modeling Revised Straw Proposal posted on March 15, 2017 (the “Revised Straw Proposal”) and the related subsequent stakeholder call held on March 22, 2017.

As the CAISO has indicated¹, there is a potential for increased revenue inadequacy in the Congestion Revenue Rights (CRR) market that would be caused by a simultaneous feasibility test (SFT) in the CRR allocation and auction process that does not model the new generator contingency constraints introduced in this initiative. SVP has advocated alignment between the CRR SFT and DAM IFM, such as in the CRR Auction Efficiency and past revenue inadequacy related CRR enhancements stakeholder processes.² SVP seeks additional information about the estimated cost to implement the CAISO’s Proposed solution to directly model the generator contingency constraints in the CRR market model.

Currently, the CAISO CRR allocation process withholds as much as 17.5% of transmission capacity via a Global Derate Factor (GDF), which accounts for potential de-rates that occur due to differences in the outage conditions between the CRR market run and the DAM run. SVP has observed that the use of a blunt instrument like the GDF, which applies to all lines, has not been very effective in targeting specific constraints and results in broadly limiting CRR allocations. Increasing the GDF to address specific constraints,³ therefore, should be avoided. The CAISO’s proposed Alternative simplified approach (of determining the maximum amount of transmission capacity that would need to be reserved in a given month for a given set of generator and RAS contingencies by conducting a study of historical data to find this value for specific constraints) is expected to be less costly than the CAISO’s Proposed approach, but it could lead to unnecessarily withholding transmission capacity from the CRR market with a likely reduction in the CRR allocations because it plans for the worst-case scenario and applies it to the entire month.⁴ SVP, therefore, supports implementing the CAISO’s more effective and efficient Proposed approach.

SVP appreciates the opportunity to comment on the Generator Contingency & RAS Modeling initiative and hopes to work with the CAISO staff to continue to improve and enhance CAISO market modeling.

¹ Revised Straw Proposal, pp. 56-58.

² See the SVP Comments on 2017 Policy Initiatives Roadmap Development, dated November 17, 2016.

³ As suggested on p. 27 of the March 22nd Stakeholder Meeting presentation.

⁴ Revised Straw Proposal, p. 59.