Comments on Penalty Prices and Scheduling Priorities in CAISO Market – 11/20/20 Informational Call

Comment period
November 30, 2020 - December 9, 2020

1. Provide summary of your organization’s comments on the workshop and the scope of the material presented:

WPTF appreciates the CAISO’s presentation and call on November 20, 2020 on the emergency BPM change that took effect on September 5, 2020. While we generally support the change as quick action was needed for the CAISO to maintain reliability, going forward WPTF also supports:

A. A quantitative assessment of the role RUC played in the blackouts, keeping all other factors equal. The Department of Market Monitoring (DMM) in Figure 3.45 of their Report on Market Conditions, Issues and Performance – August and September 2020 indicates that this change significantly impacted the amount of RUC cleared exports. The figure implies that had this change been in place prior to August 14, 2 – 4 GW would have been available during peak hours. WPTF would appreciate the CAISO clarifying if this is a correct implication as it has a direct impact on summer readiness and the need for immediate RA changes.

B. The CAISO presenting data on the impact of the RUC change on non-tight capacity days, specifically showing the amount of exports cleared in the IFM and RUC markets. WPTF understands that at first there was some confusion from market participants due to the CAISO moving from real-time export self-schedules being based on RUC instead of IFM. That said, it appears that some participants have noticed even on non-constrained days RUC is not clearing exports that had an IFM schedule. WPTF would like to know if this is true.

C. A nuanced discussion on the appropriate penalty price and expectations for exports in RUC. For example, if physical supply is available and the export cleared in the IFM, many stakeholders would argue it should clear RUC as long as it the schedule does not violate any other constraints. More broadly, WPTF asks the CAISO to discuss whether RUC is (and should) commit additional physical supply to support an export cleared in the IFM and under what circumstances. Because RA resources are offered in at $0, does it make sense for RUC to commit an RA resource ahead of a non-RA resource to support an export?

WPTF can easily envision a scenario where the IFM would have supported an export offer with physical supply, but lower cost virtual supply was scheduled to support the export instead. In RUC, once the virtual supply is removed and the IFM bids are removed – what happens to that export which would have been supported by physical internal resource but for a lower priced virtual?

D. A discussion on real-time export priorities. WPTF is not convinced that it makes sense for a resource that received an IFM award only to have their schedule cut in RUC should have the same priority as an export that bids only into real-time.
Given the importance of exports and RUC in general, WPTF also supports in addition to a follow-up workshop to finish the presentation that the CAISO open the potential stakeholder initiative, “Demand Prioritization” listed in the 2021 roadmap on this topic. In addition to being able to do the above, the initiative would also give the CAISO an opportunity to update the tariff, which is somewhat vague on the role of exports in the day-ahead market.

Thank you for considering our comments.