

Western Power Trading Forum on the CAISO's Price Performance Analysis Final Report
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The Western Power Trading Forum

The Western Power Trading Forum (WPTF) is a California nonprofit, public benefit corporation. It is a broad-based membership organization dedicated to enhancing competition in Western electric markets while maintaining the current high level of system reliability. WPTF supports uniform rules and transparency to facilitate transactions among market participants. The membership of WPTF and the WPTF CAISO Committee responsible for providing these comments include CAISO and EIM entities, load serving entities, energy service providers, scheduling coordinators, generators, power marketers, financial institutions, and public utilities that are active participants in the California market, other regions in the West, and across the country.

Comments

WPTF would like to extend its thanks to the CAISO for this opportunity to provide comments on the Price Performance Analysis Final Report discussed on the September 27 stakeholder call. WPTF commends the CAISO's efforts to drill down into the root causes of divergence between day-ahead and real-time prices, the efficacy of the flexi-ramp product, the impact of out-of-market operator actions, and the effects of real-time conditions on real-time prices. It is essential that market prices reflect market conditions in a transparent manner; the analysis that the CAISO has provided enables informed efforts to achieve such.

WPTF appreciates the CAISO's efforts to determine the root causes of price divergence. The CAISO has very clearly linked the price divergence issues with concrete drivers. We understand that not all of these drivers can be eliminated because they are inherent to the sequential nature of the execution of the markets.

As discussed below, several changes are being considered. Some of these changes can be made through the BPM change process, while others will require Tariff changes resulting from stakeholder processes. In order to ensure that stakeholders can track and participate in all changes, WPTF encourages the CAISO to provide a tracking table or slide in the Market Performance and Planning Forum that shows the status of changes being considered as well as the venue in which those changes are being discussed (BPM, New Policy, Existing policy, etc.).

WPTF encourages the CAISO to continue monitoring the out-of-market actions taken by the CAISO that contribute to price divergence. Sharing this information will enable stakeholders to work collaboratively with the CAISO to determine the extent to which the changes discussed herein impact the identified drivers.

Flexi-Ramp Product

WPTF supports the CAISO opening an initiative to address the FRP issues identified and believes that this initiative should be prioritized. WPTF has previously encouraged the CAISO to address issues with FRP within the scope of other stakeholder processes. However, given the concerns identified through the CAISO's Price Performance Analysis, WPTF concurs that a separate initiative focused on addressing issues with the FRP design is needed. That said, the issues considered through this new initiative should not necessarily be limited to the elements discussed in the Price Performance Analysis. A holistic examination of the FRP design and its contributions to price signals in the CAISO market may shed light on opportunities to make other beneficial changes. WPTF encourages the CAISO to keep the scope of this initiative flexible to enable consideration of such changes.

Treatment of Variable Energy Resources in Residual Unit Commitment

WPTF supports a change to expand the RUC logic to account for the generation of VERs that have not bid into the market. The purpose of RUC is to ensure sufficient capacity is committed to meet day-ahead forecasted demand. If the RUC process is not able to account for capacity from VERs that will in fact be available in real-time, the ability of RUC to fulfill its purpose is hampered. As the proliferation of VERs continues, WPTF expects that this issue will have an increasing impact on the efficacy of RUC, and therefore on price divergence. We appreciate the CAISO's identification of this issue and commitment to examine potential mitigating changes to the RUC logic.

Day-Ahead Imbalance Reserve Product

WPTF strongly supports the development of a day-ahead imbalance reserve product. WPTF asserts that prioritization of this effort within the Day-Ahead Market Enhancements initiative is crucial. Aspects of the market design changes being considered in the DAME initiative are highly complex, and the initiative timeline has therefore lengthened. While this is understandable, it would be unfortunate if development of a day-ahead imbalance product were consequently delayed as well. The day-ahead imbalance reserve product, designed correctly, will minimize the need for some out-of-market actions operators are taking today. This will improve efficiency, transparency, and price convergence. As such, WPTF underscores that design and implementation of this product is crucial in the near term and should not be unnecessarily tethered to the timeline for development of other elements of the DAME proposal.

WPTF thanks the CAISO for consideration of these comments.