

Western Power Trading Forum Comments on Real-Time Market Neutrality Settlement Issue Paper and Straw Proposal

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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 appreciates the opportunity to submit these brief comments on the CAISO's Real-Time Market Neutrality Settlement issue paper and straw proposal discussed on the May 1, 2019 stakeholder call. The CAISO's proposed changes aim to improve the allocation of offset costs primarily by minimizing unnecessary cost shifting among the EIM BAAs. WPTF is generally supportive of the proposal, but for the reasons discussed below, encourages the CAISO to continue discussions with stakeholders either via a workshop or a revised straw proposal rather than moving straight into the draft final proposal as currently planned. As noted on the call, the CAISO included another proposed change in the presentation that was not discussed in the issue paper. Thus, additional background information and discussion with stakeholders, especially as it relates to the financial valuation of transfers would be beneficial.

Financial valuation of transfers

Placing a financial value on transfers into and out of EIM BAAs is part of the current Real-Time Market Neutrality Settlement Process. The way the financial transfers are currently valued include a GHG cost even if the transfers are not going to a GHG-regulated area (e.g., transfers between two non-GHG regulated EIM BAAs). The CAISO is proposing to now value transfers between two non-GHG regulated areas differently than transfers with a GHG-regulated area (e.g., CAISO BAA). Specifically, the transfers between two non-GHG regulated areas will not reflect the GHG cost. It is WPTF's understanding that the CAISO plans to identify which transfers should be valued without the GHG cost by using the current GHG attribution mechanism already that determines which EIM transfers are serving California, and thus GHG regulated, load. The CAISO recently implemented changes to how the GHG attribution mechanism works to address concerns with secondary dispatch. Within that discussion, the CAISO and stakeholders recognized that while the change was an improvement over the then existing mechanism, it doesn't fully eliminate secondary dispatch.

Thus, WPTF asks that the CAISO provide additional explanation around (1) how the CAISO will identify which transfers are going to a GHG-regulated area and (2) potential implications of using the existing GHG attribution mechanism. The discussion would also benefit from an impact assessment comparing the current settlement process with the proposed changes to better gauge the practical implications of this proposed change.

WPTF thanks the CAISO for consideration of our comments.