

## Western Power Trading Forum Comments on Aliso Canyon Gas-Electric Coordination Phase 3 Straw Proposal

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### About 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 in order to facilitate transactions among market participants. The membership of WPTF includes load serving entities, energy service providers, scheduling coordinators, generators, power marketers, financial institutions, and public utilities, all of which participate actively in the California market and other such markets in the West and across the country.<sup>1</sup>

### WPTF is concerned that the ISO makes no attempt in its proposal to justify why the Aliso Canyon measures need to be extended to the entire footprint and be made permanent.

The introduction of the ISO's Aliso Canyon Phase 3 straw proposal<sup>2</sup> explains,

"Because the Aliso Canyon natural gas storage facility is expected to have limited operability for an extended period of time, the California ISO (CAISO) is proposing to extend the temporary market and operational tools currently in-place so that they remain in-effect beyond November 30... [and] make market constraint limiting the maximum gas burn of a group of generators a permanent operational tool that can be used throughout the CAISO and Energy Imbalance Market balancing areas."

Nowhere in the paper are operational risks outside of Aliso Canyon discussed in detail. Additionally, the presentation<sup>3</sup> to the stakeholders on this issue had two slides on operational risk and no bullet point identified any risk outside the Southern California area.

We note that FERC's support<sup>4</sup> of the initial tariff filing was premised on Aliso Canyon being an urgent and unique event. The Order accepting the ISO's tariff states,

"In addition, we note that our conditional acceptance of CAISO's proposal for this interim set of measures is based on the unique set of circumstances CAISO will face this summer due to the limited operability of the Aliso Canyon natural gas storage facility in southern California. ***It is only under this set of unique and widely acknowledged reliability-related circumstances, in addition to CAISO's commitment to sunset the proposed revisions by November 30, 2016, that we find CAISO's proposal, subject to condition and further compliance, to be just and reasonable.***" (Emphasis added.)

The ISO has not provided any analysis, either qualitative or quantitative, on why the Aliso Canyon measures need to be extended beyond Southern California. It is primarily the lack of explanation by the ISO that makes it impossible for WPTF to support this proposal.

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<sup>1</sup> A member list can be found [here](#) and these comments do not necessarily represent individual member views.

<sup>2</sup> [http://www.caiso.com/Documents/StrawProposal\\_AlisoCanyonGas\\_ElectricCoordinationPhase3.pdf](http://www.caiso.com/Documents/StrawProposal_AlisoCanyonGas_ElectricCoordinationPhase3.pdf) page 3.

<sup>3</sup> [http://www.caiso.com/Documents/Agenda\\_Presentation\\_AlisoCanyonGas\\_ElectricCoordinationPhase3.pdf](http://www.caiso.com/Documents/Agenda_Presentation_AlisoCanyonGas_ElectricCoordinationPhase3.pdf)

<sup>4</sup> [https://www.ferc.gov/CalendarFiles/20160601181012-ER16-1649-000%20\(2\).pdf](https://www.ferc.gov/CalendarFiles/20160601181012-ER16-1649-000%20(2).pdf) page 1.

**The proposal to extend and make permanent the gas constraint is not a substitute for needed bidding rule changes.**

WPTF supports a bidding structure where commitment costs of gas generators reflect real-time gas constraints through a market based start-up and minimum load offers. The ISO has not established that there is not a market-based solution to their (assumed) reliability needs across the footprint. EIM and internal peaking generators should be able to reflect the value of their services to the grid and the ISO should not be able to dispatch these resources at or below cost to ensure reliability. Adequate bidding rules should be a priority for the ISO and not be delayed because of this initiative.

Thank you for considering our comments.