



COMMENTS OF THE ALLIANCE FOR RETAIL ENERGY MARKETS (AReM) ON CRR AUCTION EFFICIENCY ANALYSIS WORKING GROUP

Submitted on behalf of AReM by:

Sue Mara, RTOAdvisors, L.L.C., (415) 902-4108, sue.mara@rtoadvisors.com

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The Alliance for Retail Energy Markets¹ (“AReM”) is an organization of electric service providers (ESPs), which are all load-serving entities (LSEs) serving customers in the competitive retail market in California. AReM’s members are active in the CRR allocation process and participate in the CCR auction. They also participate in similar markets in other ISOs across the country. Accordingly, AReM has strong interest in any efforts to revise CRRs or the CRR market design.

AReM appreciates the extensive analysis conducted by the CAISO to evaluate the CRR auction.² At the December 19th working group meeting, the CAISO and other participants highlighted some reasonable fixes that will likely improve the performance of the CRR auction. AReM supports retaining the current CRR auction and implementing such fixes as soon as practical to improve auction performance. Moreover, these efforts to improve performance should be implemented and evaluated *before* considering major structural changes to the CRR market design.

In particular, AReM requests that the CAISO consider the following modifications:

- Adding more frequent auctions with multiple tenors.
- Eliminating the outage blackout period.

¹ AReM is a California non-profit mutual benefit corporation formed by electric service providers that are active in the California’s direct access market. This filing represents the position of AReM, but not necessarily that of a particular member or any affiliates of its members with respect to the issues addressed herein.

² *CRR Auction Analysis Report*, November 21, 2017

- Adding enforcement to current rules requiring Transmission Owners to submit outages.
- Assigning some or all of the CRR revenue insufficiency to Transmission Owners in recognition that the Transmission Owners' failure to post outages creates the costs.
- Posting on the CAISO's web site the specific Transmission Owners that failed to comply with the requirements to submit outages for the CRR auction.

Finally, AReM does not support the proposal of some stakeholders to convert the current CRR auction into one between "willing participants." AReM strongly believes that such an auction would be unworkable, eliminating liquidity and transparency. Among other things, AReM's members use the CRR auction to support physical hedges for contracting. Losing this option would be a significant blow for competitive markets.