

**COMMENTS OF IDAHO POWER COMPANY  
ON CAISO’S LOCAL MARKET POWER MITIGATION  
OCTOBER 10, 2018, WORKING GROUP**

<b>Submitted By</b>	<b>Company</b>	<b>Date Submitted</b>
Camille Christen <a href="mailto:cchristen@idahopower.com">cchristen@idahopower.com</a>	Idaho Power Company	October 17, 2018

Idaho Power Company (“Idaho Power”) appreciates the opportunity to comment on the California Independent System Operator’s (“CAISO”) Local Market Power Mitigation updated proposal and discussion at the working group meeting on October 10, 2018. Idaho Power appreciates CAISO’s continued work on these issues, as well as all participants’ thoughtful discussion. Idaho Power also appreciates Powerex’s analysis and presentation on the proposed Default Energy Bid. In these Comments, Idaho Power reiterates its prior comments on the Local Market Power straw proposal,<sup>1</sup> and encourages CAISO and the Department of Market Monitoring (“DMM”) to perform further study and analysis prior to any final decisions to ensure that there are not unintended consequences.

**I. ECONOMIC DISPLACEMENT**

Regarding the updated proposal for economic displacement, Idaho Power continues to appreciate that CAISO has recognized that, where constraints do not exist between the Balancing Authority Areas (“BAA”) within a bubble, the effects of mitigation

---

<sup>1</sup> Idaho Power Company’s Comments on CAISO’s Local Market Power Mitigation Issue Paper/Straw Proposal (Oct. 3, 2018), <http://www.caiso.com/Documents/IPCCComments-LocalMarketPowerMitigationEnhancements-IssuePaper-StrawProposal.pdf>.

can be inappropriate. CAISO has recognized that due to the voluntary nature of the Energy Imbalance Market (“EIM”), it may not be appropriate to apply mitigation to supply offers above what is necessary to meet flexible ramping sufficiency requirements. Idaho Power reiterates its previous comments that when there are not constraints within the bubble, mitigation should not be applied to transfers between the BAAs in the bubble.<sup>2</sup>

Further, even assuming mitigation was appropriate, the proposed transfer limitations need further analysis and study by both CAISO and DMM. In both the working group on October 10, 2018, and in the initial stakeholder meeting on the straw proposal, DMM raised a concern that the proposal to limit the transfers may constitute a change to assumptions used in DMM’s market power studies because it would effectively reduce the transfer capability available for imports into adjacent EIM BAAs. DMM has not indicated definitively whether it believes the proposal could change the outcome of the studies (that is, result in a finding of market power where, under previous assumptions, there was none). Regardless, this is a significant concern, and Idaho Power cannot support the proposal without more information from DMM and CAISO about the potential risk, the likelihood of it, and alternatives to mitigate it. DMM and CAISO should further study the updated proposal, prior to any final decisions being made, to determine whether and how it will impact DMM’s analysis of market power and market-based rate authority.

## **II. NEW DEFAULT ENERGY BID FOR EIM USE-LIMITED RESOURCES**

Idaho Power appreciates CAISO’s continued work on the proposed Default Energy Bid (“DEB”) for EIM use-limited resources. Idaho Power also appreciates the clarification, provided at the working group meeting, that existing DEB options, including existing

---

<sup>2</sup> Idaho Power Company’s Comments on CAISO’s July 19, 2018, EIM Offer Rules Workshop, p. 4 (Aug. 2, 2018), <http://www.caiso.com/Documents/IPCCComments-EIMOfferRulesTechnicalWorkshop-Jul19-2018.pdf>.

negotiated DEBs, will continue to be available. As described in its earlier comments,<sup>3</sup> Idaho Power continues to advocate for consideration of multiple indices and a higher multiplier in the equation. Idaho Power also thanks Powerex for its analysis of the DEB and looks forward to more discussion of Powerex's proposals.

Idaho Power thanks CAISO for the opportunity to comment and looks forward to continued collaboration on these and other issues.

---

<sup>3</sup> See Idaho Power Company's Comments, *supra* n.1.