



## Comments of Pacific Gas and Electric Company on the Aliso Canyon Gas-Electric Coordination Phase 2 Revised Draft Final Proposal

Submitted by	Company	Date Submitted
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### Introduction

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to offer comments on the CAISO’s Aliso Canyon Gas-Electric Coordination Phase 2 Revised Draft Final Proposal. PG&E continues to recognize the uncertainty and potential risk associated with the Aliso Canyon situation, and the resulting need for enhanced flexibility and tools at the CAISO to respond to these unusual circumstances.

PG&E supports the proposals included in the Revised Draft Final Proposal, but does encourage the CAISO to strengthen a few measures by providing additional clarity and/or enhanced commitment to market monitoring and mitigation. Recommended changes are discussed below.

In addition to feedback on specific provisions, PG&E offers comments on the timeline of the initiative. PG&E supports the November 30, 2016 sunset date but recommends that CAISO indicate to FERC that it will revisit the need to make modifications to Phase 2 measures as conditions evolve. Seasonal variation, changing market conditions, and the potential for unexpected findings as a result of operator and market participant experiences suggests that the need for tools and market enhancements may also evolve over a period of time that is currently unpredictable—and FERC should be aware that modifications may be filed.

### Comments

In summary, PG&E:

- Supports the existing gas price scalars but urges CAISO to clarify when and how it will adjust these scalars and communicate these changes to market participants.
- Urges CAISO to adopt mitigation measures recommended by the Department of Market Monitoring (DMM) for exceptional dispatch events. Supports the additional information provided to gas operators and suggests valuable information to share.
- Reiterates DMM concerns that the rebidding provisions developed to temporarily address Aliso Canyon inoperability are different from the rebidding provisions approved by the CAISO Board, and any expanded authorities should remain interim only.

PG&E’s detailed comments are offered below:



### **Commodity Price Scalars**

**PG&E supports maintaining the current commodity price scalars,<sup>1</sup> but recommends CAISO provide more transparency regarding triggers for adjusting the price scalars, clarify how it will adjust the price scalars and also clarify how it will communicate any adjustments to market participants.** While PG&E believes additional information and monitoring is necessary CAISO *adjusts* the scalars, PG&E supports the existing scalars, as the CAISO and DMM have demonstrated that the scalars implemented to date have better accounted for systematic differences between day-ahead and same day natural gas prices, improved the dispatch of resources, and improved the ability for gas generators to manage their gas usage within applicable gas balancing rules.

### **DMM Recommendations for Exceptional Dispatch Events**

**PG&E strongly supports mitigation measures proposed by the DMM for exceptional dispatch events, and is concerned that the CAISO has not indicated that it will adopt these measures.** The DMM recommendations address gaps in the CAISO tariff for mitigation measures associated with incremental exceptional dispatches due to a gas constraint or decremental exceptional dispatch events. DMM's analysis<sup>2</sup> has demonstrated the need for these enhancements, concluding that every SoCal gas forecast zone has a high degree of market concentration. As the CAISO has noted that exceptional dispatch events will continue to be necessary for managing gas limitations, PG&E believes it is even more important that CAISO: (1) clarify that Aliso Canyon-related exceptional dispatches for incremental energy are subject to mitigation; and (2) design mitigation of decremental exceptional dispatches related to Aliso Canyon.

### **Access to Information**

**As CAISO has offered to provide additional granular information to gas operators and Scheduling Coordinators, PG&E recommends hourly aggregated net change data would be most helpful to gas operators, specifically:**

- Hourly aggregated net change based on CAISO's advisory gas burn information from the Short Term Unit Commitment (STUC) run. For example, if the gas system is utilizing 30 mcf/hour of gas supply, and gas was anticipated to increase by 2 mcf/hour, CAISO would communicate the net change of 2mcf/hour to gas operators.
- Hourly aggregated net change based on the net increase or decrease due to exceptional dispatch amounts on each gas operators system.

PG&E appreciates the CAISO's effort to identify and develop opportunities to share information that will enhance gas-electric coordination.

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<sup>1</sup> Increasing the commitment cost gas price to 175% of the gas index price; capped at \$2.50 plus 2x the next day gas index price and Increasing the default energy bid cost gas price to 125% of the gas commodity price; capped at 200%.

<sup>2</sup> *Aliso Canyon Gas-Electric Coordination Phase 2 – Straw Proposal*. Comments by Department of Market Monitoring. Pg. 3. September 15, 2016. [https://www.caiso.com/Documents/DMMComments\\_AlisoCanyonGas-ElectricCoordinationPhase2StrawProposal.pdf](https://www.caiso.com/Documents/DMMComments_AlisoCanyonGas-ElectricCoordinationPhase2StrawProposal.pdf)



**Bidding Rules Enhancements Filing**

**PG&E continues to support interim rebidding provisions to manage Aliso Canyon inoperability, but will only support permanent extension of the rebidding provisions as they were described and approved by the CAISO Board in *Bidding Rules Enhancements Revised Final Proposal*.** The CAISO has sought FERC approval for rebidding provisions as temporary measures for managing reliability and market risks posed by Aliso Canyon inoperability, and, separately, as a permanent tariff change as described in the *Bidding Rules Enhancements Revised Final Proposal* and approved by the CAISO Board. PG&E continues to support the permanent adoption of the bidding rules enhancements approved by the CAISO Board.

The DMM recently filed comments at FERC noting differences between the provisions approved by the CAISO Board and those approved as temporary measures to manage Aliso Canyon inoperability concerns. To the extent that the CAISO will seek to make permanent rebidding measures developed for Aliso Canyon response, which go beyond the rules approved by the Board, PG&E encourages the CAISO to clarify these differences and re-examine with stakeholders whether the new provisions adequately address mitigation concerns raised by the DMM.