

Pacific Gas and Electric Company Stakeholder Comments

Submitted By	Company	Date Submitted
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PG&E appreciates the opportunity to comment on the CAISO's Aliso Canyon Phase 3 Straw Proposal (the "proposal"), published June 2, 2017. PG&E continues to recognize the uncertainty and potential risks associated with and regulatory changes stemming from the Aliso Canyon situation, as well as the continuing need for enhanced flexibility and tools for the CAISO.

PG&E supports extending the market measures included in the proposal to support system reliability.

PG&E does not oppose extending the use of the Maximum Gas Burn Constraint tool to the broader day-ahead and real-time energy market footprints. Nevertheless, CAISO should provide transparency of its use of this tool either as part of tariff revisions or BPM changes regarding CAISO's enforcement and modeling of gas constraints. This transparency should include establishing operational procedures that determine whether a gas constraint should be enforced in a CAISO or EIM Balancing Area, and penalty prices associated with gas nomograms. CAISO should analyze the performance of gas burn constraints subsequent to activating them in the day-ahead or real-time markets and share the results of this analysis.

PG&E does not oppose extending the Competitive Path Assessment, Virtual Bidding, and D+2 Information measures. However, PG&E encourages CAISO to consider an enhancement to the Dynamic Competitive Path Assessment process that was raised during the stakeholder call: the Department of Market Monitoring suggested incorporating enforcement of gas constraints directly into CAISO's automated dynamic competitive path assessment rather than using a manual process. In the event that multiple gas nomograms would need to be enforced simultaneously, the automated process may prove to be more manageable for system operators and transparent for market participants.

PG&E does not oppose the temporary extension of the Day-Ahead Market Gas Index and adjustments to DEBs and Commitment Cost Caps as more permanent solutions are being developed in the Commitment Cost and Default Energy Bids Enhancements initiative.

PG&E encourages the CAISO to remain committed to market monitoring and mitigation based on actual need. PG&E notes that CAISO has shown restraint regarding the use of authorized market mechanisms developed in response to the evolving Aliso Canyon situation and has allowed several previously-authorized market mechanisms to expire where experience has demonstrated that these functionalities are not needed to maintain system reliability.