

Comments of Powerex Corp. on Local Market Power Mitigation Enhancement Draft Tariff Language

Submitted by	Company	Date Submitted
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Powerex appreciates the opportunity to comment on CAISO’s revised draft tariff language for the local market power mitigation enhancements as well as CAISO’s responsiveness to the comments submitted in response to earlier drafts of the proposed tariff language. Powerex is submitting these comments in order to offer additional suggestions regarding how the proposed tariff language should be clarified.

I. Transmission Rights Demonstration

In its comments on CAISO’s initial draft tariff language, Powerex requested that CAISO revise Section 39.7.1.7.2.1 to clarify that a Scheduling Coordinator may submit a showing that includes a month-by-month breakdown of its transmission rights to reflect that transmission reservations currently held or acquired by a Scheduling Coordinator may vary over the course of the year. In response, CAISO revised Section 39.7.1.7.2.1 to provide that a Scheduling Coordinator must make an annual demonstration “that it holds *annual* firm transmission rights to enable delivery from the hydroelectric resource’s default market region to the requested electric pricing hub . . . or provide documentation that supports a historical practice of purchasing *monthly* firm transmission rights for the annual period to the requested electric pricing hub(s) or similarly priced location.”

While Powerex appreciates CAISO’s responsiveness, Powerex believes that the revised tariff language could be misinterpreted as requiring that a Scheduling Coordinator seeking to demonstrate transmission rights based on its historical practice would be limited to showing a practice with respect to *monthly* firm transmission rights only. Such a misinterpretation would mean that a Scheduling Coordinator would not be able to meet this requirement if it has a historical practice of acquiring additional annual (or longer-term) rights throughout the year, for instance. Moreover, the proposed language does not appear to enable Scheduling Coordinators to make transmission showings where the quantity of rights to a particular hub or location varies over the course of the year.

In order to eliminate any potential ambiguity, Powerex recommends that CAISO revise Section 39.7.1.7.2.1 as follows:

Annually, **for each month of the upcoming year** and for each electric pricing hub requested that is not the default electric pricing hub, the Scheduling Coordinator must (1) demonstrate that it holds ~~annual~~ firm transmission rights to enable delivery from the hydroelectric resource’s default market region to the requested

electric pricing hub or to a delivery point that is similarly priced location; or (2) provide documentation that supports a historical practice of ~~purchasing~~ **acquiring** ~~monthly~~ firm transmission rights ~~for the annual period~~ to the requested electric pricing hub(s) or similarly priced location.

Powerex believes that eliminating specific references to the duration of the transmission rights at issue will avoid the potential that this section could be misinterpreted as limiting the types of firm transmission rights that a Scheduling Coordinator (*e.g.*, monthly, annual) may include in their transmission demonstration.

II. Transmission Right Attestation

Section 39.7.1.7.2.1 of the draft tariff language would require a Scheduling Coordinator to “attest through its submission that it reasonably expects *it will use* the demonstrated transmission rights to deliver incremental sales from the hydroelectric resource.” Rather than requiring the Scheduling Coordinator to attest that it expects “it will use” its transmission rights, Powerex believes that CAISO should revise this language to require the Scheduling Coordinator to attest that it expects that it “will be able to use” its transmission rights. This modification is necessary to reflect that whether particular transmission rights are, in fact, used will depend on market conditions during a given period, which cannot be anticipated at the time of the transmission showing.

III. Updates to Transmission Rights

Section 39.7.1.7.2.1(d) states that, “[i]f during the term of the annual period the Scheduling Coordinator no longer has the firm transmission rights previously demonstrated, the Scheduling Coordinator must inform the CAISO within 5 Business Days of no longer holding such firm transmission rights.” While Powerex appreciates the importance of keeping CAISO informed about material changes to the information included in a Scheduling Coordinator’s transmission demonstration, it is unclear how this requirement would interact with the ability to provide evidence that a Scheduling Coordinator has a *historical practice* of obtaining firm transmission rights to a given location. In particular, it is unclear how this notice obligation would apply to a Scheduling Coordinator that does not hold transmission rights at the time of its demonstration, but demonstrates that it has a historical practice of procuring firm transmission rights to a given location. Powerex requests clarification to this section.

IV. Incremental Net EIM Transfer Limit

Section 29.39(e)(3) provides that the “incremental net EIM Transfer upper limit will be: (1) the amount by which the sum of Flexible Ramping Up awards in the EIM Entity Balancing Authority Area prior to the applicable RTM to which the MPM process applies exceeds the EIM Entity Balancing Authority Area’s corresponding adjusted Flexible Ramping Up requirement[.]” Powerex believes that the reference to “prior to the applicable RTM” is unclear. In particular, it is unclear

whether this is referring to the previous interval or merely stating that the MPM pass occurs prior to the RTM pass for the same interval. Powerex believes that CAISO should revise this language.

V. Fifteen Minute MPM

Section 34.1.5.2 of the draft tariff language states that “[i]f a Bid is mitigated in the MPM pass for a fifteen-minute interval in the RTUC horizon, the mitigated bid will be utilized in the corresponding HASP and FMM processes for the fifteen-minute interval.” Since any given 15-minute interval can be part of the RTUC horizon of multiple different MPM passes, the language appears to suggest that mitigation of a 15-minute interval in *any* of those MPM passes will result in mitigation being applied in the binding market run for that interval. It is unclear, however, how to apply this requirement if one MPM pass finds that an interval must be mitigated, but a subsequent MPM pass determines that the same interval does not require mitigation. Powerex believes that CAISO should revise Section 34.1.5.2 to make clear that a bid will only be subject to mitigation if the MPM pass *when that interval is the binding interval* determines that mitigation is required.