

Stakeholder Comments EIM Offer Rules Technical Workshop

Submitted by	Company	Date Submitted
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Southern California Edison (SCE) offers the following comments on discussions during the California Independent System Operator's (CAISO) EIM Offer Rules Technical Workshop¹.

During the workshop, Powerex² proposed a fourth option for default energy bids (DEBs), which would essentially deem a resource³ being *always* competitive when its bid price is at or below 400% of Intercontinental Exchange (ICE) Day Ahead On-Peak Mid-C price index, where the ICE price index should represent a price based on actual transactions being made on Mid-C.

While SCE agrees that the calculation of opportunity costs for resources, such as pumped hydro facilities, can be challenging, SCE feels that any deviation from the current approaches in determining a DEB should be fully vetted. The mitigation framework that the CAISO adopts is different from the mitigation framework with a threshold approach⁴ that's adopted by other ISOs, e.g. MISO, NYISO and ISO-NE. Generally, it should be preferred that issues surrounding opportunity costs should be addressed within the existing CAISO mitigation framework so consistencies can be maintained. The ideas that are consistent with the existing framework and brought up during the workshop should be further evaluated, such as adjusting the percentage adder to the DEB and making negotiated DEBs hourly for pumped hydro resources.

A deviation from the existing mitigation framework should only be explored and justified when the issues can't be reasonably resolved within the existing framework.

In any circumstance, should there be a need for a new mitigation approach in order to address opportunity cost issues, the approach should fulfill its purpose – mitigating market power of the resources to ensure consumer's interests are protected.

Last but not least, the CAISO should ensure same mitigation rules apply to both internal and external resources to avoid potential discriminatory treatment.

¹ CAISO EIM Offer Rules Technical Workshop, April 30, 2018:

<http://www.caiso.com/Pages/documentsbygroup.aspx?GroupID=3509B16A-3A9F-4F34-B370-914AF5C85A49>

² Powerex Presentation, April 30, 2018, <http://www.caiso.com/Documents/PowerexDefaultEnergyBidPresentation-EnergyImbalanceMarketofferRulesTechnicalWorkshop.pdf>

³ In this case and under the Powerex' proposal, an EIM hydro resource.

⁴ In particular, under this mitigation framework, the market footprint and historical congestion patterns are studied offline and prior to daily market clearing, and the system is divided into general constrained areas and more constrained areas. Mitigation mechanism can be different to different constrained areas.