



Stakeholder Comments Template

FERC Order 831 – Import Bidding and Market Parameters

This template has been created for submission of stakeholder comments on the FERC Order 831 – Import Bidding and Market Parameters draft final proposal that was published on April 23, 2020. The draft final proposal, stakeholder call presentation, and other information related to this initiative may be found on the initiative webpage at: <http://www.aiso.com/StakeholderProcesses/FERC-Order-831-Import-bidding-and-market-parameters>.

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **May 20, 2020**.

Submitted by	Organization	Date Submitted
Andrew Meditz (916) 732-6124 Martha Helak (916) 732-5071 Bill Her (916) 732-6395	Sacramento Municipal Utility District (SMUD)	May 20, 2020

Please provide your organization’s comments on the following issues and questions.

The Sacramento Municipal Utility District (SMUD) provides the following comments on the CAISO’s FERC Order 831 – Import Bidding and Market Parameters Draft Final Proposal, dated April 23, 2020 (Proposal). SMUD, as an Energy Imbalance Market (EIM) participant and active participant in the CAISO’s day-ahead and real-time markets over the interties, has a direct interest in this initiative.

1. Power Balance Constraint Relaxation Pricing and Constraint Penalty Prices

Please state your organization’s position on the Power Balance Constraint Relaxation Pricing and Constraint Penalty Prices as described in section 4.1: (Please indicate **Support**, Support with caveats, Oppose, or Oppose with caveats)

As the West becomes resource constrained, the CAISO and the WECC region generally, should maximize resource availability for inter-balancing authority transfers. To this end, SMUD generally supports the Proposal related to the power balance constraint relaxation pricing and constraint penalty prices because it does not appear to adversely impact liquidity at the interties and it provides adequate safeguards to avoid sellers taking

undue advantage of market opportunities. The Proposal in section 4.1 strikes a reasonable balance between routine conditions (the power balance constraint is \$1,000) and abnormal conditions (power balance constraint is \$2,000) which scales the penalty price based on the highest-priced cleared economic bid over \$1,000.

Please provide additional details to explain your organization's position and include supporting examples if applicable:

2. Screening import and virtual bids greater than \$1,000/MWh

Please state your organization's position on screening import and virtual bids greater than \$1,000/MWh as described in section 4.2: (Please indicate **Support**, Support with caveats, Oppose, or Oppose with caveats)

SMUD generally supports the CAISO's screening proposal.

Please provide additional details to explain your organization's position and include supporting examples if applicable:

3. Application of screen to Resource Adequacy Imports

Please state your organization's position on the application of screening import and virtual bids greater than \$1,000/MWh to Resource Adequacy Imports as described in section 4.2.1: (Please indicate **Support**, Support with caveats, Oppose, or Oppose with caveats)

SMUD generally supports the CAISO's screening of Resource Adequacy (RA) imports, and the different treatment of RA imports versus non-RA imports. SMUD agrees with the CAISO's rationale that any risk the RA resource faces of a below-cost price adjustment can be mitigated through the RA contract the resource has with a load-serving entity.

Please provide additional details to explain your organization's position and include supporting examples if applicable:

4. Maximum Import Bid Price Calculation

Please state your organization's position on the Maximum Import Bid Price Calculation topic as described in section 4.2.2: (Please indicate Support, **Support with caveats**, Oppose, or Oppose with caveats)

SMUD considers the CAISO's updated approach to its maximum import bid price calculation as an improvement to its prior proposal. SMUD did not support the use of gas prices and load forecasts, and accordingly, supports the CAISO's decision to remove these components from the calculation. However, SMUD still has a general concern that the use of historical pricing from external bi-lateral trading hubs may not be the best indicator of the opportunity cost to bid into the CAISO market for all market participants. Creating a proxy price to screen imports is a challenging endeavor, and while SMUD does not have a better idea on how to calculate this price, we encourage the CAISO to continually monitor the methodology and make refinements as needed.

Please provide additional details to explain your organization's position and include supporting examples if applicable:

Additional comments

Please offer any other feedback your organization would like to provide on the FERC Order 831 – Import Bidding and Market Parameters draft final proposal.