

## **Stakeholder Comments on Contingency Modeling Enhancements CRR Alternatives Discussion Paper**

<b>Submitted by</b>	<b>Company</b>	<b>Date Submitted</b>
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Silicon Valley Power (SVP) appreciates the opportunity to provide comments in response to the ***Contingency Modeling Enhancements CRR Alternatives*** discussion paper posted by the California Independent System Operator (CAISO) on February 3, 2016 and the subsequent Market Surveillance Committee (MSC) meeting held on February 11, 2016. The CAISO has proposed three different paradigms (Option 1, Option 2, and Option 3 with sub options) under the scope of the Contingency Modeling Enhancements (CME). SVP **supports** Option 3 (the CRR<sup>k</sup>/CRR<sup>kc</sup>) paradigm, specifically Option 3c, and requests the CAISO to implement it as soon as possible.

Option 3c is the “Single bid, sequential allocation” option and would allow market participants to nominate CRR’s (or CRR<sup>k</sup>’s) as is done today. Once the CAISO receives nominations for CRR<sup>k</sup>, it will clear CRRs respecting the k limit and will additionally clear CRR<sup>kc</sup>’s to CRR<sup>k</sup> award holders on a pro-rata basis. This option would maximize CRR awards to market participants while ensuring revenue adequacy for the CAISO. Furthermore, SVP recommends that the CAISO consider developing price weighting factors to apply to each awarded CRR<sup>kc</sup>, rather than awarding multiple CRR<sup>kc</sup>’s for each award CRR<sup>k</sup>. The resultant weighted price factors will allow for more simplicity, better pricing visibility, and minimal change from the current CRR allocation and auction bidding processes for both market participants and the CAISO.

SVP is opposed to the “Minimal Implementation” Option 1b, because it would take the most restrictive approach of limiting the quantity of CRRs awarded on a path to the MWs under the post-contingency limit (*N-1-1* limit). This would under-allocate CRRs to market participants with potential congestion exposure related to those paths. Therefore, Option 1b is not preferred as either a short or long-term option. SVP recommends that the CAISO implement the preferred Option 3c upon implementation of CME. SVP understands that Option 3c has a moderate/high implementation difficulty requiring creation of a sequential pro-rata allocation process that uses *kc* case shift factors, and updates to the settlements system. However, SVP is hopeful that the CAISO would be able to meet its current implementation deadline of Fall 2017. SVP requests the CAISO to expedite the implementation of the preferred Option 3c to avoid relying on Option 1b even as an interim measure.

SVP appreciates the opportunity to comment on the Contingency Modeling Enhancements CRR Alternatives discussion paper and subsequent MSC meeting, and acknowledges the significant effort of the CAISO staff in developing, proposing, and implementing changes to the CRR market.