

Western Power Trading Forum Comments on CRR Auction Analysis Report

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December 6, 2017

Comment Summary

WPTF appreciates the opportunity to provide comments on the CRR Auction Analysis Report posted on November 21, 2017. We understand the ISO is hosting a workshop to discuss the findings of the report and will provide another comment opportunity at that time. Thus, these comments do not get into the details of the analysis as those comments will be more robust following the discussion to be had at the upcoming workshop. Generally, WPTF is appreciative of the ISO's efforts to conduct a thorough analysis of the CRR auction and looks forward to continuing to discuss ways to improve transmission outage planning and other CAISO processes in light of the study results.

Comments

WPTF would like to take this opportunity to commend the ISO staff on a well structured and thorough study on what was no less than a daunting task to evaluate a significantly complex market element. The study report is comprehensive and follows a logical order to discover the underlying root causes of the discrepancy between CRR auction revenues and CRR payments to auctioned CRRs, and identifies the primary drivers. WPTF is hopeful that given the detailed analysis, discussions from this point onward can truly focus on potential solutions that address the drivers of CRR revenue inadequacy.

The analysis highlights the lack of any systematic participant bias as a primary driver of the CRR revenue shortfalls. Rather, the discrepancy between CRR auction revenues and CRR payments to CRR holders is mainly driven by unsystematic congestion on various transmission elements that are not captured in the CRR model, are unpredictable, and that would impact all CRR participants systematically. WPTF believes it important to recognize that this impact is not limited to holders of CRRs who received those rights in the auction but is also driven by those CRRs allocated to LSEs.

WPTF is encouraged to see the ISO included an analysis on, and description of, transmission outage reporting. The results support the ISO and stakeholders considering improvements to the outage reporting requirements/processes to address the identified gaps and further align the transmission modeling between the CRR auction model and the day-ahead market. Improved consistency in transmission modeling between the two models (i.e. CRR auction and day-ahead market) has the ability to significantly improve, if not largely eliminate, the discrepancy between CRR auction revenues and CRR payments to auctioned CRR holders, as discussed by ISO with respect to enforcing nodal constraints in the CRR model. We look forward to continued discussions on how market incentives can be aligned to incent TOs who currently are not submitting timely outage info to begin doing so.

The report reflects that once the ISO improved the CRR auction model to include nodal constraints, constraints which were already in the day-ahead market resulting in CRR payments, there was a dramatic improvement in CRR revenue adequacy. (See analysis report figure 38.) WPTF encourages the ISO to start considering other improvements to the transmission modeling in the CRR auction.

WPTF is looking forward to the workshop and to continued robust discussions with the ISO and other stakeholders of this analysis and how it can be used to inform the upcoming stakeholder process. Thank you for your consideration of these comments.