

Western Power Trading Forum Comments in Response to CRR Workshop

Ellen Wolfe, Resero Consulting, for WPTF, 916 791-4533, ewolfe@resero.com

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WPTF appreciates the CAISO's efforts in conducting the CRR workshop. We are not at this time submitting extensive comments but rather refer back to our materials provided as part of the workshop.

WPTF continues to believe that the CAISO should pursue modification to the CRR processes rather than elimination of CRR auction, as suggested by the DMM. WPTF's observations of the most important elements from the workshop that follow highlight that the CAISO focus should be to get a fuller understanding of the existing problems, so that remedies can be identified while all the benefits of the CRR auctions are maintained. Other comments follow.

- The CAISO's study will be beneficial to uncovering root causes of any CRR auction inefficiency and CRR revenue inadequacy.
- The CRR auction has many more wide-sweeping benefits than those associated with the congestion rent payment stream. The ISO should recognize this, and the study should be inclusive of those other benefits. Such benefits the auction brings result in lower energy delivery costs to load and include suppliers' ability to hedge, importers' ability to hedge, improved price discovery that aids in renewables siting, and improved market efficiency given competition.
- Some of the benefits are more quantifiable than others, but benefits should be included even if they are difficult to quantify.
- The study should seek to find cause and effect relationships, including looking into the changes over time that may reflect benefits of operational efficiency measures (modeling and outage reporting for example) the CAISO has already taken.
- Investigating participation levels may produce insightful results. However, many WPTF member organizations "wear many hats". It is unclear even in DMM's analysis how a particular CRR participant is classified as a physical versus financial participant. Care should be taken in any such categorizations, as the CRR participants could be fulfilling a variety of roles – the details are not evident from an outside view.
- The CAISO is pursuing the proper course to study the CRR market's operation and results and investigate root causes prior to determine whether design or operational changes are needed and – if so – what those changes should be. We strongly support the CAISO's sequential progression over considering any design changes before the underlying drivers are known.

As indicated above, more detail about our positions can be found in our materials submitted in advance of the workshop. Thank you for your consideration.