

**Western Power Trading Forum Comments on Proposed Revisions to Commitment Costs
and Default Energy Bid
Enhancements Revised Straw Proposal Stakeholder Call
Supplemental Comments**

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About the Western Power Trading Forum

The Western Power Trading Forum (WPTF) is a California nonprofit, public benefit corporation. It is a broad-based membership organization dedicated to enhancing competition in Western electric markets while maintaining the current high level of system reliability. WPTF supports uniform rules and transparency in order to facilitate transactions among market participants. The membership of WPTF includes load serving entities, energy service providers, scheduling coordinators, generators, power marketers, financial institutions, and public utilities, all of which participate actively in the California market, and other such markets in the West and across the country.

Comment Summary

WPTF appreciates the opportunity to provide comments on the proposed revisions to the Commitment Costs and Default Energy Bid Enhancements Revised Straw Proposal that was discussed on a stakeholder call on August 11, 2017. These comments are supplemental to the comments submitted on the Revised Straw Proposal and Technical Workshop discussions, and are therefore brief.

WPTF appreciates the ISO's efforts to continue proposing alternative solutions aimed at addressing concerns raised by stakeholders, especially in light of the tight timeline for this process.

Comments on Proposed Changes to the Revised Straw Proposal

The method used to identify constraints tested for competitiveness needs to be transparent and WPTF requests additional details be provided in the next iteration of the proposal.

The ISO is proposing to have the flexibility to test constraints for competitiveness that the ISO "identif[ies] as likely needing commitments to resolve a binding constraint." While the ISO does provide several potential ways to identify such constraints, including a static structural test or seasonal assessment, it is WPTF's understanding that the ISO, on a day to day basis, could change which of the listed methods they use to identify the constraints. WPTF is concerned that the flexibility being proposed will be less transparent than if the ISO opt for a single method. Market participants will have no way of knowing how the ISO is identifying the constraints to be tested on a day-to-day basis if the ISO has the ability to alternate between several methods. WPTF would be supportive of the ISO opting for one method to consistently identify the constraints, rather than have the flexibility to choose from a suite of methods, and more explicitly define how the chosen method would be structured in the next iteration of the proposal. WPTF needs the additional information to more accurately weigh the mitigation method being proposed against the current mitigation method of a 125% bid cap.

WPTF supports the default shadow price approach for non-binding constraints conditioned on additional details. As discussed in WPTF's corresponding comments, assuming a -\$1 shadow price for all non-binding constraints could result in inaccurate mitigation and thus urged the ISO to consider other options. While the default shadow price being considered is a potential solution, additional detail needs to be provided. For example, how far back will the ISO look for shadow prices on a binding constraint? Will the ISO only look for historical shadow prices within the same market the non-competitive congestion component is being calculated? What will the ISO use if a constraint has never generated a shadow price?

WPTF conditionally supports mitigating resources identified under a MOC. It is WPTF's understanding that once CME is implemented most of the MOCs will be removed from the market, and thus enforcing a new MOC and mitigating the corresponding set of resources is expected to be a rare occurrence. Therefore, WPTF's support of this modification is conditioned upon implementation of CME such that only rarely is a MOC enforced in the market. WPTF also seeks clarification that under such a rare occurrence, the opportunity cost for use-limited resources will be included in the mitigated offers.

WPTF does not support modifying the denominator of the second RSI calculation as currently described. Based on the formulations provided, there is potential for the demand for counterflow to be overstated in the RSI calculation. Biasing the demand for counterflow upwards would result in constraints being inaccurately identified as uncompetitive. The difference between the constraint limit and AC flows is not a good proxy for the demand for counterflow and should not simply be tacked onto the denominator.

WPTF supports the following proposed changes to the revised straw proposal:

- Only mitigation energy component based on energy mitigation method and commitment cost components based on commitment cost mitigation method.
- Modifying the WC and SCF formulations to account for shutdowns, although WPTF asks that the additional logic be included in the next iteration of the proposal to provide a more complete review of the proposed changes.