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Comments of Northern California Power Agency 2017 Policy Initiatives Roadmap

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Northern California Power Agency (“NCPA”) appreciates the opportunity to provide the following comments on CAISO’s 2017 Policy Initiatives Roadmap published December 15, 2016. NCPA’s comments are limited to the initiative to enhance the efficiency of the Congestion Revenue Rights (“CRR”) processes.

NCPA agrees that ensuring the efficiency and viability of the CRR market is a high priority since CRRs are a fundamental tool vital to mitigating Load Serving Entities’ risk from exposure to congestion costs. NCPA appreciates the CAISO’s efforts to explore the various ways to improve the CRR market.

In particular, NCPA supports the effort to improve CRR auction efficiency. Modification of the auction process such that bids from entities willing to sell clear against those willing to buy is a reasonable approach to mitigating the long-standing revenue insufficiency concerns that we believe bears careful consideration. However, in the CAISO’s Department of Market Monitoring’s paper¹ on issues they identify with the CRR auction, they provide little discussion of such a modification, focusing instead on the abolition of the auction altogether. NCPA does not at all support doing away with the CRR auction, which is an integral part of the risk mitigation services we provide our members.

NCPA looks forward to participating in the CRR enhancements initiative in the latter half of this year, and encourages the CAISO to undertake that policy processes according to the schedule presented in the 2017 Policy Initiatives Roadmap.

¹ Shortcoming in the congestion revenue right auction design; CAISO Department of Market Monitoring; 11/28/2016
<http://www.caiso.com/Documents/DMM-WhitePaper-Shortcomings-CongestionRevenueRightAuctionDesign.pdf>