

Comments of Powerex Corp. on Draft Tariff Language for Energy Imbalance Market Transitional Period

Submitted by	Company	Date Submitted
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On July 10, 2015, CAISO posted proposed draft tariff language that would implement a six month transitional period for each balancing authority area (“BAA”) that elects to join CAISO’s Energy Imbalance Market (“EIM”). During this transitional period, CAISO would suspend application of pricing parameters contained in Section 27 of the Tariff that apply when there are insufficient resources available to meet transmission, power balance, and flexible ramping constraints. CAISO’s proposal also includes a provision that would authorize CAISO to extend the transitional period in an EIM Entity BAA subject to approval by FERC.

CAISO’s proposal is a minimally-modified reincarnation of its earlier proposal to establish a 12 month transitional period for each EIM BAA. That proposal was developed with minimal stakeholder input and, in March 2015, was rejected by FERC, who shared the concerns expressed by Powerex and others that CAISO’s proposal would merely mask the effects of the issues underlying the price anomalies experienced in the EIM. Rather than accept the proposal, FERC instituted an investigation under Section 206 of the Federal Power Act into the factors driving price spikes in the PacifiCorp BAA, an investigation that remains ongoing.

Powerex submits these comments to express its concern regarding CAISO’s decision to resurrect its previously-rejected transitional proposal and to do so with no stakeholder input into whether a transitional period is appropriate, or how it should be designed. In Powerex’s view, there is no urgency for a transitional period since the current waiver will continue to apply until CAISO implements an improved EIM design pursuant to the Section 206 investigation, and consumers will have the additional protection of a prospective refund effective date. Moreover, as was the case before, CAISO’s latest proposal will do nothing to address the underlying issues triggering application of the pricing parameters and merely seeks to waive application of the standard pricing provisions contained in the CAISO Tariff to accommodate the shortcomings of the resource sufficiency provisions in the EIM and limited pre-implementation testing. Rather than filing yet another request for waiver with FERC, Powerex urges CAISO to commence a stakeholder process to identify long-term and meaningful measures to ensure EIM prices are just and reasonable without resorting to suspension of longstanding pricing rules.