Parameter Tuning for Uneconomic Adjustments

In the MRTU Market Optimizations

Powerex Comments

Powerex appreciates the opportunity to provide these brief comments on the Parameter Tuning Issue Paper.

Powerex agrees with the CAISO that the current approved MRTU tariff requiring "that the optimization will utilize *all* Economic Bids before adjusting Self Schedules" can lead to unreasonable operational or economic outcomes and that the CAISO should seek to change the tariff to avoid these unreasonable outcomes.

In the stakeholder call, the CAISO proposed that not *all economic bids* should be utilized but only economic bids with a 10% effectiveness factor should be utilized to relieve a constraint before adjusting self schedules. The CAISO also stated that in certain local constrained areas, current operating procedures identify resources with effectiveness factors as low as 3 to 5% which are capable of relieving the local constraint. Powerex, therefore, suggests that the CAISO should consider a lower effectiveness factor, such as 5%.

In addition, the CAISO should clearly state its preference, if any, for the interaction of penalty prices for self schedules, effectiveness factor, and economic bids in the scheduling run.

Powerex seeks clarification from the CAISO on the following:

– Whether the interaction of penalty prices, effectiveness factor, and economic bids results in a "pseudo-least cost dispatch" in the scheduling run;

– Whether the schedules (both self schedule and economic) from the scheduling run will change materially in the pricing run; and

– Whether the marginal unit (self scheduled or economic) from the scheduling run will also be the marginal unit from the pricing run.

At this time, Powerex has no other comments on the issues raised in the Parameter Tuning Issue Paper but may have further comments once Powerex fully understands the import of those issues. Further, Powerex encourages the CAISO to fully share information in the stakeholder process so that stakeholders can provide meaningful input.