

### Stakeholder Comments – Price Performance Analysis

Submitted by	Company	Date Submitted
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SCE appreciates the opportunity to provide the following comments on the CAISO Price Performance Analysis dated April 3, 2019<sup>1</sup> (the white paper). To address the main concern of price deviations across the different CAISO’s markets<sup>2</sup>, the white paper outlined the scope of this analysis consisting of: 1) metrics to determine price performance, 2) operator interventions on the supply side, 3) divergence of load requirements, 4) divergence of supply capacity, and 5) dynamics of markets<sup>3</sup>.

As discussed in the March 5, 2019 Market Surveillance Committee meeting<sup>4</sup>, the accuracy of day-ahead load forecast can impact day-ahead market (DAM) clearing prices even though the DAM clears against bid-in demand. This is because, for example, an over forecast of load in the DAM can increase the amount of Ancillary Services (A/S) procurement in the DAM, which can, in turn, increase energy clearing prices in the DAM, in particular during heat waves when supply conditions are tight. SCE suggests that this element should be included under the item “divergence of load requirements”, in the scope.

In addition to the load forecast element above, the analysis may need to look into price data beyond the calendar year of 2018 in order to identify any factors that may have contributed to the underlying trend, including the increasing level and frequency of price spikes in the DAM since the launch of MRTU.

Regarding the item “dynamics of markets”, the CAISO should include impacts due to market dynamics, such as gas operating flow order (OFO) events and interaction of virtual bids in the DAM, in its analysis.

Last but not least, the CAISO should consider allowing stakeholders to submit written comments following the posting of the first report, currently scheduled around middle of June, 2019.

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<sup>1</sup> Price Performance in the CAISO’s Energy Markets, April 3, 2019, <http://www.caiso.com/Documents/WhitePaper-PricePerformanceAnalysis-Apr3-2019.pdf>

<sup>2</sup> White Paper, at 5.

<sup>3</sup> White Paper, at 15-16.

<sup>4</sup> Real-time pricing analysis discussion, Market Surveillance Committee Meeting, April 5, 2019, [http://www.caiso.com/Documents/Real-TimePricingAnalysis-Presentation-Apr5\\_2019.pdf](http://www.caiso.com/Documents/Real-TimePricingAnalysis-Presentation-Apr5_2019.pdf)