

**COMMENTS OF THE  
TRANSMISSION AGENCY OF NORTHERN CALIFORNIA ON  
2017 DRAFT STAKEHOLDER INITIATIVES CATALOG  
September 29, 2016**

The Transmission Agency of Northern California (“TANC”) appreciates the opportunity to submit these comments in response to the California Independent System Operator Corporation’s (“CAISO”) September 15, 2016 Draft 2017 Stakeholder Initiatives Catalog (“Draft Catalog”).<sup>1</sup>

**Full Network Model Enhancement – Phase 2**

The Draft Catalog lists Full Network Model Enhancements-Phase 2 as a necessary initiative, and provides that this initiative will include consideration of the potential use of “scheduling hubs,” and settlement rule refinements. Draft Catalog at 14 (Section 5.15).

The CAISO has been engaged in efforts to enhance and expand its Full Network Model for a few years. In 2013, the CAISO had contemplated using a North pricing hub for imports from integrated balancing authority areas (“IBAs”), which include TANC Members and implicates TANC’s entitlements to the California-Oregon Transmission Project. In response to comments from TANC and others, the CAISO agreed to defer consideration of North Hub pricing for imports by IBAs until Phase 2 of the FNM Expansion Initiative. In December 2013, TANC commented to the CAISO that instead of predetermining how or whether it will revise the pricing structure in Phase 2, the CAISO should use Phase 1 to better understand the pricing implications of the Full Network Model and to publish on its website an analytical analysis on the pricing implications of moving to the North/South pricing hubs or any potential alternatives that could be used (including no change). On December 30, 2013, the CAISO responded that it “will endeavor to share as much pricing and scheduling information as practical and lawful pursuant to the restrictions of non-disclosure agreements.” The CAISO also stated that “the stakeholder process to discuss Phase 2 can be effectively used to revisit the ISO’s proposal and consider alternatives that may be more appropriate given input from Phase 1. In addition, implementing Phase 1 will allow the ISO to provide to stakeholders the pricing analysis requested by TANC.”<sup>2</sup>

TANC supports CAISO’s efforts to improve its modeling. In fact, as TANC has previously advised the CAISO, there is a need for accurate reflection of the operational realities based on real-time, historic operational data, including as to historic congestion on the California-Oregon Intertie. However, there has not been any information exchanged that would warrant the consideration in the slated Full Network Model Enhancements-Phase 2 initiative, of a North pricing hub for imports from IBAs. Indeed, any consideration of pricing based on aggregated scheduling hubs (such as the North Hub pricing) seems to be premature due to lack of disclosure

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<sup>1</sup> TANC’s silence on any other aspect of the Draft Catalog should not be interpreted as acceptance of the proposals contained therein.

<sup>2</sup> CAISO’s Response on Full Network Model Comments- Third Revised Straw (December 30, 2013) at 30, available at <http://www.caiso.com/Documents/CommentsMatrix-FullNetworkModelExpansion-ThirdRevisedStrawProposal.pdf>.

of sufficient information. Moreover, such a proposal appears ill-timed given the ongoing regional initiatives, which may impact modeling and pricing issues for imports and exports.

Thus, TANC requests CAISO's clarification that the scope of the Full Network Model Enhancements Phase 2 will not include consideration of aggregated hub pricing or other proposals until sufficient information and analysis has been done to determine if such aggregation will adversely impact imports and exports from neighboring Balancing Authority Areas.