

Western Power Trading Forum Comments on CAISO Stakeholder Catalog Process
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The Western Power Trading Forum (WPTF) appreciates the opportunity to provide comments on the 2017 Stakeholder Initiatives Catalog and Roadmap.

The CAISO's explanation on why it did not change the Export Charges initiative ranking is absurd. The CAISO Policy Initiatives roadmap states on page four,

The ISO received comments that stakeholders believe this initiative would add more market efficiency benefits than currently ranked. However, the ISO was not convinced that the elimination of export charges would greatly affect the economics of purchasing exports. As such, the ranking of this initiative remained unchanged.

The current export charge is around \$11/MWh and the average energy market price is around \$40/MWh, with consistent and extended periods where the price falls below this amount. The CAISO's contention that a change in the export price wouldn't affect the economics of exporting without any sort of explanation is unpleasantly dismissive. The CAISO has multiple times acknowledged the need for export charges to be addressed; however, if the CAISO no longer believes it is a priority, this should be stated along with an appropriate and reasonable explanation. Statements like the one above make a mockery of the entire catalog process.

The Department of Market Monitoring (DMM)'s influence in the initiative priority process belies their supposed independence and is contrary to their core functions as described in Appendix P of the CAISO tariff. Probably one of the most upfront statements in the CAISO Policy Initiatives Roadmap is on page three in regards to the CRR Auction Efficiency initiative. The CAISO writes, "The ISO highly ranked this initiative due to the concerns raised by the ISO's Department of Market Monitoring." WPTF is aware that DMM produced a report recently on potential CRR inefficiencies. However, WPTF is also aware that by DMM's own measurement of this inefficiency- auction revenues as a percent of payments- CRR inefficiency is decreasing. In Q3 of 2016 auction revenues **exceeded** payments for the first time, and in fact, auction revenues as a percentage of payments has increased each year over the last three years. WPTF contends that instead of devoting CAISO resources to a pet project of DMM, the CAISO should treat them like any other stakeholder who complained about a small aspect of the market that was naturally improving on its own- and ignore them.

Finally, WPTF would like to point out that auction revenues as a percent of payments increased after the CAISO implemented additional transparency related to transmission outages and the ability to map transmission outages to the CRR model. As WPTF pointed out at the time of advocating for this additional transparency, the more information everyone has, the more likely CRRs will be priced efficiently. WPTF strongly supports the CAISO waiting until additional information comes in on CRR auction payments to determine whether this trend continues before moving forward with the analysis into potential drivers for CRR inefficiencies.

WPTF reiterates support for improvements to the Stakeholder Catalog Process.

Six Cities has proposed to (1) Increase ISO's consideration of stakeholder input prior to decisions about moving forward with different initiatives; (2) Hold an abbreviated stakeholder process every 6-months in

which stakeholders may submit up to 5 initiatives and the ISO will take this into consideration rather than going through a full ranking process; and (3) Suggest guidelines or principles such that the ISO do a holistic review of initiatives every six-months and when deciding what to work on take into account connections between initiatives and the connection to their own strategic plan. WPTF supports this proposal or any proposal that increases the meaningfulness and transparency in how the ISO uses stakeholder input to decide priorities and that is also less resource intensive for all parties than the current annual process.