

Western Power Trading Forum Comments on the RT Energy Offset Issue

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WPTF appreciates the opportunity to submit the following comments.

1. WPTF continues to oppose the claw-back proposal. Primarily because the claw-back proposal could adversely affect a participant with legitimate business activities WPTF continues to oppose the claw-back proposal, even given that the CAISO reserves the option for the conditions under which it specifies it will make an emergency filing.
2. The pay-as-bid and bid-or-better approaches likely represent a step backward and should not be implemented. WPTF believes that modifying the HASP market to pay interties either “as-bid” or “bid or better” would be counter-productive to the functioning of the CAISO markets. As a result WPTF opposes both of these alternatives.
3. Devoting effort to unbundling RT Energy Offset cost allocation is not warranted at this time. Give that the CAISO previously considered RT energy offset and no alternative cost-allocation approach was identified as reasonable at that time, and given that the CAISO’s efforts to improve the HASP biasing has resulted in a lower RT energy offset charge, devoting effort to unbundling of the RT Energy Offset charge should be set aside for the time being.
4. The CAISO should pursue implementation of a full HA market as part of RI Phase II. The CAISO should proactively address what it will take to implement a full hour-ahead market. A full hour-ahead market would provide for convergence bids between DA and HA, and also between HA and RT. This would enable a more flexible, comprehensive, and efficient and work to remedy the RT Energy Offset issues that exist today. WPTF requests that the CAISO report on the specific barriers to implementing a full HA market, as well as possible remedies, and include this information in its end of June Renewable Integration Phase II paper.
5. Instead of revising HASP schedule settlement, the CAISO should give significant consideration to proposals to remedy the root cause of the HASP-to-RT pricing issues. In particular, Powerex has identified the fact that the CAISO’s settlement of internal Virtual Bids using HASP prices is at least partially responsible for the problem, and has offered some suggested changes in algorithms that could go a long way towards reducing or eliminating the problem. These ideas appear to have merit, and might offer significant improvement with minimal disruption. WPTF strongly urges the CAISO to more fully explore these themes before coming to a definitive conclusion on any solution. For reference, see the algorithmic proposals in the later sections of

Powerex's previously submitted comments at <http://www.caiso.com/2b7c/2b7c82444d660.pdf>). These and any other ideas and options that remedy root cause drivers should be thoroughly evaluated.