

Discretionary Initiatives High Level Ranking Template

November 23, 2013

General comments of the Western Power Trading Forum

We offer the following comments not included in our ranking input below.

- WPTF very much favors development of an EIM TAC policy. Since we believe the ISO has already committed to resolve this within a short period of time we believe this item is, or will soon become, non-discretionary. Therefore we did not include it in one our top-five issues, below. Please see our comments submitted in the EIM process for further explanation on the resolution of this EIM TAC issue. WPTF believes this would rank high on market efficiency and renewable-integration grid benefits if it were ranked.
- We believe that FERC has required the ISO to develop market-based mechanisms for voltage support. Thus this should be a FERC mandated item. The ISO has provided insufficient justification for why it is no longer FERC-mandated. WPTF requests that the ISO reclassify it as FERC mandated.
- Regarding initiative 12.7 on greenhouse gas rules, WPTF does not believe the ISO could avoid implementing mechanisms for resources affected by natural gas GHG requirements. As such the item should simply be designated as non-discretionary and scheduled for completion by the ISO.
- WPTF values highly many of the CRR initiatives and suggests that the ISO separate those initiatives from other market design issues as it has with the infrastructure issues. Given that to at least some extent the CRR initiatives would rely upon the resources of different staff members at the ISO, WPTF does not support trading off these items against other market design and transparency initiatives in this ranking process. The limitation of commenting on only the top 5-items does not allow WPTF to convey the importance of many of these initiatives. We request that the ISO consider initiating some of these CRR-related issues in parallel with other issues and ask that the ISO solicit additional input on the relative priority of these issues.

WPTF objects to the proposed deletion of the following items.

- Extended pricing mechanism – for reasons stated herein in and in prior comments we object to SCE's request to delete this item.
- Frequency/Inertia procurement and voltage support
- Make-whole process for wheel-through transactions
- CRR initiatives – flexible term lengths, and long-term CRR auction

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- 30-minute Operating Reserve – this is an issue important to WPTF. We request the ISO maintain this as an active item at least until the completion of the contingency management project when market participants can then assess whether that initiative has alleviated the need for further consideration of the 30-minute product.
- Data Transparency – This should be retained to allow for additional transparency needs.

Our specific ranking matrix responses are provided below.

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Initiative 1: ___ Extended Pricing Mechanisms

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	9
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	10
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	X
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	9
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	7
						Total	35

Grid Reliability (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) – Extended LMP will provide better price signals through the energy market of the true costs of serving load. It will thereby provide better price signals to incent additional resources were they are needed on the grid.

Improving Overall Market Efficiency (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) – Extended LMP will provide better price signals through the energy market of the true costs of serving load. It will thereby provide further market prices to incent proper supply and demand-side behavior to a more complete set of energy service costs.

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WPTF also wishes to note that there was significant support for this initiative last year for reasons that are still relevant today.

Market Participant Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*

The project would change the LMP formulation but would have no discernible impact to the MP interfaces, etc.

ISO Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*

WPTF expects that the ISO would not need to change its market models but rather would just need to adjust its LMP formulation post-processing.

Initiative 2: Eliminate Unpriced Constraints

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	9
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	10
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	X
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	10
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	7
						Total	36

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Grid Reliability *(provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –*

This project would provide better price signals that would also incent proper generation and demand-side participation. This will provide more resources to the grid for energy, capacity and flexibility needs.

Improving Overall Market Efficiency *(provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –*

This project would provide significant increases in transparency and in market prices. Unpriced constraints significantly distort the market results today and can lead to an inefficient dispatch model.

Market Participant Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*

This project would likely save Market Participants' administrative costs by providing transparent information about market operations and outcomes. There should be no implementation needs for such a project.

ISO Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*

Finding market solutions for unpriced constraints would likely require changes in the ISO's market systems. However, it is expected that incremental to the contingency management enhancement effort the implementation impacts should be moderate.

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Initiative 3: Improve Transparency

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	8
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	10
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	X
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	10
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	8
						Total	36

Grid Reliability (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

This initiative will provide better signals for supply- and demand-side short-run and long-run behavior. This in turn will improve reliability.

Improving Overall Market Efficiency (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

The items that are noted in this initiative for enhanced transparency are extremely opaque now. Understanding the management of and pricing of market aspects into which there currently is no visibility will significantly improve market efficiency.

Market Participant Implementation Impact (\$ and resources) (provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –

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MPs would likely have no impacts.

ISO Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*

The ISO's impacts would be limited to off-line assessments unless the ISO found it efficient to automate mechanisms for improved transparency. In any event the initiative does not require any changes of significance to market systems.

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Initiative 4: Hourly Bid Cost Recovery Reform

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	10
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	9
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	X
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	8
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	7
						Total	34

Grid Reliability (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

The RT market can cause dispatches within hours, and BCR across hours reduces incentives for fast-ramping resources to bid in RT where they incur risks without comparable benefits under a 24-hour BCR regime. Increased participation in the RT market can significantly improve reliability.

Improving Overall Market Efficiency (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

For the same reasons, increased participation (more bids) in the RT market can significantly improve market efficiency and thereby lower costs. WPTF commented on this item in ER13-

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2452-000, and the ISO indicated that this would require a new stakeholder initiative. Thus WPTF recommends this issue herein.

Market Participant Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*

Market participants would likely implement functionality on their end to reflect a sub-hourly commitment cost solution.

ISO Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*

The ISO would not require changes to its market model but rather just modifications to its post-processing BCR calculations.

Initiative 5: **Modify Resource Adequacy Replacement Rules**

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	5
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	7
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	X
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	10
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	9
						Total	31

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Grid Reliability *(provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –*

Current rules discourage participation. Removing the distortion of having to replace generic capacity with local capacity will encourage participation and development, and this will aid in grid reliability.

Improving Overall Market Efficiency *(provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –*

The current rule distorts the RA replacement outcome and it creates an inequity across those providing local capacity and those not. Remedying this issue will ensure resources in local areas will continue to be motivated to offer generic capacity if their local capacity is not needed and to do so at a price without needing a premium to manage the risk that they will have to replace with local capacity.

Market Participant Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*

This initiative would reduce the administrative costs of affected suppliers.

ISO Implementation Impact (\$ and resources) *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –*

ISO implementation costs should be negligible.