

Stakeholder Process: Congestion Revenue Rights Enhancements

Summary of Submitted Comments

Stakeholders submitted three rounds of written comments to the ISO on the following dates:

- Round One, 03/18/11
- Round Two, 04/29/11
- Round Three, 05/27/11

Stakeholder comments are posted at: <http://www.caiso.com/2b48/2b48a74332640.html>

Other stakeholder efforts include:

- Stakeholder conference call to review issue paper, 03/11/11
- Stakeholder conference call to review straw proposal, 04/22/11
- Stakeholder conference call to review draft final proposal, 05/20/11

Management Proposal	CDWR	PG&E	Powerex	Silicon Valley Power	Six Cities	SCE	Management Response
<p>Include expected outages in determination of capacity for annual process.</p>	<p>Conditional</p> <p>Additional studies should be performed to show that including forced outages will address revenue inadequacy and that other causes are not the primary drivers of revenue inadequacy.</p>	<p>Support</p> <p>Implementation of the local de-rate factor should consider a historical forced outage rate, rather than using a similar method to the global de-rate factor determination.</p>	<p>Support</p> <p>These enhancements should lead to a more efficient annual/monthly auction, while at the same time, releasing an appropriate volume of CRRs to the market without unduly jeopardizing CRR revenue adequacy.</p>	<p>Support</p> <p>Supports applying a local de-rate factor to certain inertia and significant paths, but concerned that the global de-rate factor will continue for remaining paths.</p>	<p>Conditional</p> <p>Data released by the ISO does show that revenue inadequacy is primarily caused by transmission outages; however, rather than reducing the capacity release in the annual process, the ISO should consider relaxing the full funding requirement on paths that cause revenue inadequacy.</p>	<p>Conditional</p> <p>Additional data should be released on the capacity reduction to the annual process and incremental capacity made available in the monthly process.</p> <p>Guidelines should be developed on how local de-rate factor values will be established and what paths should be subject to local de-rate factors</p>	<p>The ISO published a study on 2009 revenue adequacy which highlighted the impact of expected outages and proposed a methodology for including expected outages in the determination of capacity to be released in the annual process. In the 2010 CRR Annual Report, the ISO provided similar analysis on revenue adequacy and the appropriate annual capacity which should have been released using the proposed methodology. The reports are available at http://www.caiso.com/272b/272b8a1623070.html. In the 2012 Annual Process, the ISO will provide for comparison purposes the capacity values using the 2011 methodology and the new methodology taking into consideration expected outages.</p> <p>In the monthly process, after accounting for planned outages, de-rate factors are determined based on a review of historical data and the extrapolation of the historical data into the coming month as well as management judgment in the review of these data. The ISO will implement local de-rate factors for inertia and significant paths which were subject to the new methodology used in the annual process. The ISO will continue to apply a global de-rate factor for the remaining paths; however, the expectation is that global de-rate factor will be significantly lower than has been used historically.</p>