

Bonneville Power Administration CAISO FERC Order 764 Compliance 15-Minute Scheduling and Settlement Straw Proposal Comments (Round 3)

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1. **Recovery of transmission cost** - If the CAISO elects under advisory to accept an hourly block schedule at T-45, but elects not to dispatch after the internal generation bidding process when results of the real Time Pre-Dispatch (RTPD) optimization run are announced at T-22.5, the CAISO has a free option and the bidder is exposed with sunk transmission cost. Please confirm that this is not the intent, and that the CAISO will have specific guidelines in its Bid Cost Recovery mechanism as to how the bidder will recover the cost of transmission if the bidder resource is not dispatched.
2. **Economic bid hourly block with single intra-hour "curtailment"** – The CAISO has introduced an option for the hourly block schedules to "curtail" one time during the hour for remainder of the hour. BPA has the following questions and comments related to this option:
 - The CAISO has stated that "WECC allows and has established business processes that support a single intra-hour curtailment". BPA request clarification on which specific business processes the CAISO is referring to. BPA is unaware of any WECC policy for economic curtailments and suggests that the CAISO is confusing an economic curtailment with a reliability curtailment.
 - Regardless, in the CAISO's proposal there is a statement that "the import is curtailed". Will these economic curtailments be issued by the CAISO? It is BPA's understanding that the e-Tag specifications only allow reliability entities such as TSPs and BAs to curtail e-Tags leaving CAISO market participants unable to perform the curtailment action. BPA recommends the tag action for this scheduling option be a market level adjustment initiated by the market participant and it is implemented by CAISO.
3. **Discrete or Average Dispatch Pricing?** – At one point in the stakeholder meeting, there was an example provided where if someone bid \$50 and the first 15 minutes cleared at \$55, they would be dispatched. Then, if the 2nd price cleared at \$48, they would still be dispatched because the average of \$55 and \$48 was still greater than the \$50 offered. This is contrary to BPA's original interpretation that participants would be dispatched based on discrete rather than average prices. BPA requests clarity on this issue.
4. **Reliability** - BPA wishes to point out that frequent changes in generation and load patterns, driven by the CAISO 15-minute market, may have unintended reliability impacts to adjacent balancing authorities. In the unlikely event that those extreme reliability impacts are realized, transmission operators may need to take action to manage the issues, which ultimately may impact market participants' ability to actively participate in the market. What will the impact be on the proposed market if (in the rare circumstance) adjacent transmission operators are forced to restrict access to the CAISO 15-minute market for reliability reasons?