

Data Release and Accessibility  
Phase 1: Transmission Constraints  
Comments of Morgan Stanley Capital Group Inc.  
November 23, 2009

Morgan Stanley Capital Group Inc. (MSCG) appreciates the opportunity to provide our perspective regarding data release and accessibility on transmission constraints. Anyone interested in follow-up communication should contact Steve Huhman at (914) 225-1592, or via e-mail at [steven.huhman@morganstanley.com](mailto:steven.huhman@morganstanley.com).

As a preliminary overview, we want to state unequivocally that we believe the goal should be to release all transmission constraint data that it is legally possible to do. This would include nomograms, policies, operating procedures, current statuses of both internal and external elements, and long-hand descriptions of conditions that typically cause constraints to be invoked. This last point is particularly important with regard to system conditions other than just simple straightforward congestion. The ability to both know actual system conditions, and to anticipate when constraints are likely to be invoked, is crucial for market participants to plan their businesses in a predictable manner and minimize costs. Furthermore, market participants' awareness of events that are likely to cause system constraints to be invoked has the potential to help the CAISO avoid reaching those situations in the first place. This is so because, at times, they may alter their plans in such a way so as to not create the "problem" in the first place. Therefore, we strongly believe it is to the best advantage of all concerned to maximize availability of system constraint knowledge at all times.

Another aspect of this issue that must be discussed is access, notice and timing. Changes in how constraints will be managed should not occur without advance notice. This is especially true of constraints currently being managed on a regular basis via Exceptional Dispatch. A perfect example of why this is important occurred on November 11 & 12 in SP15. CAISO made the decision to treat the SCE\_PCT\_IMP\_BG constraint as manageable in the Integrated Forward Market (IFM), whereas it had previously been managed via Exceptional Dispatch. MSCG strongly supports the decision to manage every possible aspect of the system in the IFM. However, the decision to make the change on 11/11-12 without prior announcement created a great deal of disruption in the market, causing price movements that did not seem justified by conditions, either before or after the fact, based on information known to the market.

One way to help minimize market disruptions would be to create and publish a list of constraints being evaluated for movement into the IFM. The list would include projected dates for such a movement for each constraint, with regular updates to reflect the latest expectations. Then, when the final decision is made to make the move, a separate, specific announcement should be made, so indicating, with reasonable advance notice. As a point of reference, PJM provides 30 days advance notice for introductions of Special Protection Schemes. We strongly believe that the CAISO needs to develop and follow a protocol for advance notice of changes of this type. Finally, we would note that

data releases of all types that relate to transmission constraints must be managed in a manner that does not provide unfair advantage to some market participants via earlier access. The data release protocol must include provisions to ensure simultaneous access to any and all relevant transmission constraint data for all market participants, to avoid giving some an unfair advantage.

Turning to the Issue Paper specifically, one particular item drew particular attention. In section 4.2, it says that “The ISO operators and operating engineers review the list of potentially enforceable and unenforced constraints for use in market runs and determine if any constraint enforcement adjustments are necessary in the D+2 and D+3 timeframes”. This is the crux of the information we believe is most crucial to the market. We would encourage the CAISO to seriously consider ways to publish the outcomes of these reviews. While we do not dismiss out of hand the potential value of other proposals for data release discussed in the concept paper, we note that most, if not all, involve release after the day-ahead market has closed. The utility of ex post data is clearly much less than the utility of ex ante data.

In response to the several data release reports discussed in the Issue Paper for possible adoption by the CAISO, MSCG would find an adapted version of the PJM report on Day Ahead Transmission Constraints, referenced in section 6.1, Table 2, to be particularly useful, and we would recommend adoption. We would further request that CAISO go beyond just releasing this report daily on an ex post basis. PJM releases information on real-time constraints every 15 minutes on a real-time basis, and then follows up by tabulating the individual updates in a spreadsheet a day or two after the fact. This approach, if adopted in the CAISO, would allow market participants to stay abreast of actual system conditions, which will always vary to some degree from day-ahead modeled conditions, no matter how good the model. Our third recommendation would be to release real-time actual flows for external ties, and internal flowgates, branch groups and enforced constraints. The actual flow information should be published adjacent to the real-time limits for such elements, currently being enforced by software and/or operators, so parties can quickly assess system status and adjust accordingly.

Our final request would be to provide more detail in future iterations of this stakeholder process regarding ex post evaluations of changes in IFM constraint enforcement. In the Business Practice Manual section on Constraint Enforcement, it is stated that constraint enforcement will cease if the market run produces infeasible schedules or if it is found that actual power flows do not reflect model runs. We would appreciate a discussion of how the CAISO goes about this evaluation on a generic basis, and also what the results of the (presumed) post-audit were for the change in SCE\_PCT\_IMP\_BG on November 11.