

Stakeholder Comments – Price Performance Analysis

Submitted by	Company	Date Submitted
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SCE appreciates the opportunity to provide the following comments on the CAISO Price Performance Analysis report dated June 18, 2019 (the report) and the presentation dated June 21, 2019¹.

SCE believes that it is reasonable to focus this effort on analyzing data and factors that may have contributed to the price divergence in the CAISO energy markets from 2017 to 2018. As noted by the CAISO, this effort itself is not a policy initiative². As such, while it is possible that findings from this effort may be potentially useful to inform future policy discussions, any proposed policy change (and the discussion thereof) should follow the standard stakeholder process, in the form of policy initiatives, to ensure a more thorough and focused discussion.

In addition to this process-related comment, SCE offers two specific observations below.

First, it's noted that the report currently does not include price comparison (e.g. price spread trend, price correlation, etc.) between the Integrated Forward Market (IFM) and Fifteen Minute Market (FMM). Given the significance of the IFM and FMM, and their relationship, SCE recommends that the CAISO include this information in the updated report.

Second, in evaluating the price divergence seen in July 2018, the report found that the over-forecast of load have significantly contributed to the price divergence. As a result, for instance, on July 25, 2018, the day with the largest price spreads, "the capacity schedule in IFM based on physical resources was already in excess to meet actual system conditions"³. In particular, Figure 62 depicts the differences of the load requirement between IFM, IFM + Virtual, and FMM (among other markets). The CAISO should clarify the amount of variable energy resource (VER) under-scheduling for the day, because, if the cleared net virtual supply was intended for VER under-scheduling, then potentially the actual impact of the load over-forecast can be larger than what's shown by this figure, i.e., the net virtual supply could just represent the portion of physical supply missing from the IFM, not necessarily "converged the IFM requirements closer towards the real-time requirements" as concluded by the report⁴.

¹ Price Performance in the CAISO's Energy Markets, June 18, 2019, <http://www.aiso.com/Documents/Report-PricePerformanceAnalysis.pdf>. Presentation, June 21, 2019, <http://www.aiso.com/Documents/Presentation-PricePerformanceAnalysis-Jun21-2019.pdf>

² The Presentation, at 2.

³ The Report, at 54.

⁴ The Report, at 53.