

Western Power Trading Forum comments on Two Tier Allocation of Real-Time Bid Cost Recovery Uplift

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WPTF appreciates the opportunity to provide these comments on the CAISO's Issue Paper dated November 22, 2016 and call on December 21, 2015 and apologies for inadvertently missing the comment period.

These comments are premised on the assumption that resources that receive a binding or non-binding commitment in RUC have any BCR costs included in the RUC BCR bucket and not the real-time BCR bucket. If this is not how BCR is allocated, WPTF first supports moving to such an allocation. If this is how BCR is allocated, WPTF believes the likely causes of real-time uplift include: unexpected transmission outages, unexpected generation outages, load trips, weather changes, derates, additional voltage support requirements, and local reliability issues – but notably, not virtual transactions. In keeping with principles of cost causation, it makes sense to allocate costs to those things that cause uplift, when feasible. However, given the difficulty of assigning costs to cost causers of real-time BCR, WPTF supports the ISO maintaining its current methodology.

WPTF does not support a methodology that would allocate real-time BCR to virtual transactions. WPTF believes that the impact of virtual bids and offers is generally to shift costs between IFM and RUC, rather than to cause additional costs.

Virtual transactions have no impact on the ISO's real-time commitment because they are already accounted for in the RUC commitment. They never appear in the ISO's short-term forecasts of real-time physical load and the ISO does not make any adjustments to its real-time commitment and dispatch decisions based on the presence or absence of virtual supply and virtual demand. Since virtual transactions have no impact on real-time costs, they should not be required to bear any of the real-time uplift costs.