

CALIFORNIA ISO
Mitigation for Exceptional Dispatch in LMPM Enhancements Phase 2 Draft Final Proposal,
September 10, 2012.

COMMENTS OF THE STAFF OF THE CALIFORNIA PUBLIC UTILITIES COMMISSION ON THE DRAFT
FINAL PROPOSAL

September 20, 2012

Staff Comments:

1. There seems to be a disconnect between CAISO's proposed methodology and the statistics they have used to illustrate the impact of their proposal because the statistics are based on historical data, which will be outdated once 15-min real time dynamic competitive path assessment (DCPA) is implemented in spring of 2013. Though CAISO has stated that their proposal impacts only on a small percentage (14% NonTModel Other category) of the entire exceptional dispatch volume, Staff recommends that these statistics be revisited when the system automation is in place. Staff is concerned that by using out of model designations, LMPM process may not have the adequate precision built in resulting in over or under mitigation causing false market signals.
2. Staff is still concerned that the new 15 minute Real Time DCPA will not be able to evaluate competitiveness adequately within 15 minute intervals due to its complexity. And as a result it will rely on the new LMPM process. CPUC Staff encourages the CAISO to review statistics as they become available and share information showing how often the DCPA is expected to fail during real time market runs.
3. Staff's earlier comments requested CAISO to substantiate with data why they chose a 10 hour binding congestion and a 75 percent competitive threshold during the trailing 60 days in order to deem a constraint competitive for purposes of applying mitigation of exceptional dispatch. Even though CAISO did not provide the requested data, Staff finds from other stakeholder comments made during the stakeholder calls that the CAISO's approach is conservative. With limited information available on "NonTModel Other" category it seems that a conservative approach might be suitable at the moment till more data is gathered on reasons for such exceptional dispatch volume. Staff recommends that CAISO continue to examine reasons, which have limited information, for exceptional dispatch.
4. Staff also recommends that no additional "Price Adders" be provided in this process as suggested by a stakeholder for the following reason. The payment method for exceptional dispatch is already in place with a 10% cost adder over the Default Energy Bid (DEB). Staff believes that by providing profit margin adders (Price Adders) may result in higher costs to rate payers.

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