

## Discretionary Initiatives High Level Ranking Template

### Instructions

Please use this template to rank your top five discretionary market design initiatives.

1. Select five market design initiatives<sup>1</sup> from the October 17<sup>th</sup> version of the Stakeholder Initiatives Catalog.
2. Provide the name of the initiative.
3. In the “High Level Prioritization Criteria Matrix” provide a score of 0, 3, 7, or 10 for each of the four criteria in green boxes.
4. Provide a total tally of your score for each initiative.
5. Below the matrix, provide detailed explanations for each criterion using as much space as you need. Providing a rationale for the ranking and considering these initiatives over others is critical to this ranking process. Since dollar and resource estimates are understandably approximate at this level, the qualitative discussion will be given more emphasis. Similarly, the numerical rankings are informative and may help to organize discussion but the qualitative information will be critical for the ISO as we compare initiatives.

### DC Energy Comments:

DC Energy appreciates the opportunity to provide comments for development of the yearly stakeholder Initiatives Catalog. We are opposed to the proposed deletion of various CRR and Convergence Bidding initiatives. This includes those listed below in our top-five rankings and the following two initiatives:

1. Long-Term CRR Auction- Longer-term hedges that more closely match the duration of investment decisions would provide new opportunities for market participants to manage risk and potentially increase forward market liquidity; and
2. Allowing Convergence Bidding at CRR Sub-LAPs- Increased granularity for Convergence Bidding improves hedging ability, price transparency, opportunities to resolve congestion over smaller areas, and convergence at more granular levels.

For these reasons DC Energy does not support the deletion of said initiatives and encourages the CAISO to include them in the stakeholder catalog for future consideration.

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<sup>1</sup> Infrastructure and planning initiatives will not be ranked as they are considered separately and there are only two discretionary initiatives.

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### Initiative 1: \_ Multi-period Optimization Algorithm for Long Term CRRS

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	0
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	10
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	10
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	3
						Total	23

**Grid Reliability** (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

**Improving Overall Market Efficiency** (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) – Allows for more flexible modeling of grid capacity for Long Term CRRs and promotes revenue adequacy.

**Market Participant Implementation Impact (\$ and resources)** (provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) – There should be no

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appreciable cost to Market Participants, however the benefits would extend to the foreseeable future.

**ISO Implementation Impact (\$ and resources)** *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources)* – Would require a multi-period algorithm for the CRR systems. DC Energy is not aware of any cost estimates.

### Initiative 2:\_ FERC Order 764 Market Changes

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	3
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	7
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	10
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	3
						Total	23

**Grid Reliability** *(provide a detailed explanation of how and why this initiative provides an improvement in grid reliability)* – Enhanced opportunities for hedging physical imports with the Intertie Convergence Bidding product could increase imports to the CAISO.

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**Improving Overall Market Efficiency** (*provide a detailed explanation of how and why this initiative provides an improvement in grid reliability*) – Reinstating Convergence Bidding on the interties, would increase competition; allow importers to hedge deliveries; and promote price convergence.

**Market Participant Implementation Impact (\$ and resources)** (*provide a detailed explanation of what you expect the impact to be in terms of \$ and resources*) – Intertie Convergence Bidding was previously available and should not pose an implementation cost to market participants when reinstated.

**ISO Implementation Impact (\$ and resources)** (*provide a detailed explanation of what you expect the impact to be in terms of \$ and resources*) – The market redesign needed to correct issues with Intertie Convergence Bidding is significant, however it should move forward without further delay by the CAISO.

### Initiative 3:   Data Transparency (D)

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	0
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	7
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	10
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	3
						Total	20

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**Grid Reliability** *(provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –*

**Improving Overall Market Efficiency** *(provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –* Appropriate market transparency paves the way for more accurate risk assessment and product valuation, which ultimately can improve market efficiency and liquidity.

**Market Participant Implementation Impact (\$ and resources)** *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –* Increased transparency should not pose an implementation cost to Market Participants.

**ISO Implementation Impact (\$ and resources)** *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources) –* requiring additional market transparency normally involves small costs in comparison to its market benefits.

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### Initiative 4: \_\_ Incorporating Non-modeled Constraints and the Effect of Exceptional Dispatch into LMPs\_\_\_\_\_

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	0
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	7
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	10
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	3
						Total	20

**Grid Reliability** (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –

**Improving Overall Market Efficiency** (provide a detailed explanation of how and why this initiative provides an improvement in grid reliability) –Developing ways to address un-modeled constraints within the market optimization leads to efficient price formation and less out-of-market costs.

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**Market Participant Implementation Impact (\$ and resources)** *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources)* –should not have an appreciable impact on Market Participants from a cost perspective.

**ISO Implementation Impact (\$ and resources)** *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources)* –placing additional constraints in the market optimization can involve significant costs, however the overall cost of the entire initiative might be reduced through joint project implementation.

### Initiative 5:\_ Price Inconsistency Market Enhancements

High Level Prioritization Criteria Matrix

		Criteria	HIGH	MEDIUM	LOW	NONE	Your Score
			10	7	3	0	Use 0, 3, 7, or 10
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement	0
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact	3
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire	
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	10
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact	3
						Total	16

**Grid Reliability** *(provide a detailed explanation of how and why this initiative provides an improvement in grid reliability)* –

**Improving Overall Market Efficiency** *(provide a detailed explanation of how and why this initiative provides an improvement in grid reliability)* – ISO product awards should be consistent

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with the bids and offers submitted. Uneconomic awards create uncertainty and could lead to bid premiums to account for the risk.

**Market Participant Implementation Impact (\$ and resources)** *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources)* - Resolving deficiencies in the systems that clear awards should not have any impact to market participant from a cost perspective.

**ISO Implementation Impact (\$ and resources)** *(provide a detailed explanation of what you expect the impact to be in terms of \$ and resources)* – Is dependent on how the CAISO chooses to correct the issue. Addressing the root cause in the systems might cost more money up front, but might be more prudent than an ongoing settlement solution.