

Olivine Comments on Pay For Performance Regulation Year 1 Design Changes

Olivine appreciates the opportunity to comment on the CAISO Year 1 Design Changes Issue Paper and Straw Proposal and offers one limited suggested change.

Setting aside addressing the larger issue of the underlying cause(s) that requires lowering the regulation mileage performance from 50% to 25%, Olivine requests that the CAISO include a formal process to revisit the performance threshold annually rather than relying on the Stakeholder Initiative Catalog process. While the Pay for Performance Regulation process may not be the appropriate place to address broader participant performance issues, it does provide an opportunity for a transparent benchmark that can be included in broader market and participant performance analysis.

Olivine believes that an annual review and report to determine if the performance threshold can be increased (or with an undesirable outcome, decreased) will at least provide some incentive for participants to improve performance and related market efficiency. Further, as new resources come online that can displace the current regulation fleet, it will be important to see if they have the expected impact on system wide mileage performance.

