



Comments of Pacific Gas and Electric Company on Generator Contingency and RAS Modeling Draft Final Proposal

Submitted by	Company	Date Submitted
<i>Cristy Sanada C8SW@pge.com; (415) 973-2718</i>	<i>Pacific Gas and Electric Company</i>	<i>July 14, 2017</i>

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to comment on CAISO’s Generator Contingency and RAS Modeling Draft Final Proposal dated June 30, 2017.

PG&E thanks CAISO for incorporating its recommendations and addressing its concerns over the course of this initiative. PG&E supports the Draft Final Proposal and offers the following comments:

1. PG&E requests CAISO continue to evaluate the implementation effort involved in this design change and ensure that sufficient time is allotted to thoroughly test market software.

PG&E suggested in its Revised Straw Proposal comments for CAISO to provide a quantitative assessment of the potential cost savings that would result from modeling generator contingencies and RAS in the markets as opposed to using exceptional dispatch to address them. PG&E believes this type of assessment still provides value and can inform CAISO and stakeholders of this initiative’s priority in CAISO’s release plan.

PG&E stresses the importance of allocating sufficient time and resources to implementation efforts such that a thorough market simulation is accomplished before go-live. Because these design changes will span CRR, Day-ahead, and Real-time markets, CAISO should ensure implementation processes are given adequate attention and scrutiny. Additionally, as go-live is currently projected for Fall 2019, PG&E requests that CAISO revisit its design before implementation to ensure its compatibility with any forthcoming changes to CAISO’s market design.

2. PG&E suggests CAISO provide guidance regarding how it will determine when to enable or disable modeling of RAS within its markets.

Prior to implementation, PG&E suggests CAISO provide guidance to stakeholders on how it will determine when to model RAS within its markets. This will provide transparency to the market and help stakeholders understand impacts to their portfolios.

3. PG&E appreciates CAISO’s commitment to track the effect of generator contingency and RAS modeling on Real-Time Congestion Offset (RTCO) after implementation, to ensure the impact remains small.

PG&E thanks CAISO again for its analysis of commitment changes between the Day-ahead and Real-time market and impacts to RTCO as a result of its proposed RAS modeling over 2016. As mentioned



in PG&E's Revised Straw Proposal comments, market participant behavior may change as a result of modeling GC and RAS in the markets, thereby changing market outcomes. PG&E thanks CAISO for its commitment to track RTCO after implementation of these design changes to ensure RTCO impact remains small.

4. PG&E appreciates CAISO's consideration of its concerns regarding this initiative's impact on CRR revenue adequacy. This includes modeling GC and RAS directly into the CRR market and consistent modeling of generation distribution factors (GDFs) between the Day-Ahead Market and CRR processes.

PG&E thanks CAISO for exploring using committed capacity in its calculation methodology instead of historical dispatch and for sharing the analysis of its proposed methodology used to calculate GDFs. In moving forward with this initiative's design changes, it is important that modeling in CRR and Day-ahead markets are closely aligned, minimizing revenue inadequacy. PG&E is comfortable with the proposed methodology to calculate GDFs used in CRR allocation and auction processes given this approach better aligns with the calculation of GDFs in the Day-Ahead Market, and CAISO's analysis of the January 2016-January 2017 timeframe demonstrates the proposed GDFs to be used in the CRR market and Day-Ahead Market respectively are closely aligned. PG&E suggests CAISO continue to track the GDFs used in the Day-ahead market and the GDFs used in the CRR processes to ensure these remain close.