

## PG&E Comments

### CAISO's Catalogue of Market Design Initiatives

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Pacific Gas & Electric Company (PG&E) appreciates the CAISO's work to develop the 2009 Catalogue of Market Design Initiatives and the opportunity to participate in the corresponding stakeholder process. The catalogue has the potential to be a valuable resource for market participants and PG&E looks forward to continue working with the CAISO to develop and refine this document.

Please see the comments below for PG&E's recommendations for improving the completeness and clarity of the 2009 Catalogue of Market Design Initiatives.

#### Completeness of the Catalogue

PG&E requests that the CAISO provide a description of the scope of the problem and the assessment of the potential solutions for each item in the catalogue. There are numerous items in the catalogue including, *7.1 Ramping Capacity Product*, with brief descriptions which do not provide sufficient information for market participants to fully understand the scope of the issue. This information is important so that market participants fully understand the issues and the CAISO's perspective regarding the range of possible solutions. A description of the scope of the problem and assessment of the potential solutions is also important for market participants' ability to rank and prioritize the items.

#### New Initiatives to Add

PG&E recommends three additions to the Catalogue of Market Design Initiatives:

1. Pumped Storage Generation Plant Modeling – PG&E has worked closely with the CAISO and other market participants to develop the CAISO's Multi-Stage Generator Modeling (MSG) proposal. The modeling of pumped storage units is not explicitly included in the scope of the MSG proposal, and as the CAISO is aware, proper modeling of pumped storage units, specifically our Helms units, is an important issue to PG&E. Furthermore, other market participants employ or are investigating pumped storage generation and will benefit from enhanced

pumped storage unit modeling capabilities. We request that the CAISO add a pumped storage plant modeling initiative to the catalogue to facilitate the development of the CAISO's modeling capabilities for Helms and other pumped storage plants.

2. Delivery of Intermittent Power from Out of State – PG&E expects that imports of intermittent power from neighboring Balancing Authorities will increase significantly in the future as Load Serving Entities endeavor to meet renewable resource procurement targets. The treatment of intermittent power from neighboring Balancing Authorities (including those out of state) will create a number of challenges for the CAISO and market participants, including expansion of dynamic scheduling protocols to accept deliveries from non-dispatchable renewable resources. PG&E suggests the CAISO add this initiative to the catalogue so that work may commence to address this and any other related issues.
3. Enhanced Inter-Scheduling Coordinator Trade (IST) Functionality for Contract Settlements – PG&E requests that enhanced IST functionality be included in the catalogue in order to facilitate the settlement of contracts and tolling agreements through the CAISO rather than through extended bilateral settlement processes. This enhancement would be of significant value to PG&E and our counterparties, and, as a result, we believe that it should be added to the catalogue. PG&E has several suggestions about possible levels of enhancements and we would appreciate the opportunity to discuss these suggestions with the CAISO in more detail.

### **Clarifications of Existing Items**

PG&E offers four suggestions to improve the clarity of the catalogue:

1. Definition of Market Design – The introduction of the catalogue states that the CAISO has altered the scope of the 2009 catalogue to only include items related to market design. For screening purposes, PG&E requests that the CAISO provide a more thorough definition of market design within this context because the definition the CAISO is currently using to determine whether or not an item should be included in the catalogue is unclear. Many changes to the CAISO Tariff and BPMs impact how the CAISO markets function even though they may not appear, on their face, to be a change in market design.

For example, the CAISO has indicated it does not consider Payment Acceleration a market design issue and that it will not be included in this catalogue. However, PG&E believes that price corrections and other issues pertaining to Payment Acceleration do have significant impacts on the operation of the market and therefore it should be considered a market design initiative. As a result, PG&E requests that Payment Acceleration be included in the catalogue.

To assist the CAISO in clarifying the scope of market design, PG&E recommends that initiatives which require a significant BPM or tariff change, or a stakeholder process, and materially impact market functionality or outcomes, be included in the CAISO's Market Design Initiatives Catalogue. This definition narrows the scope of the catalogue by excluding minor issues. At the same time, the definition is sufficiently large to establish the catalogue as a comprehensive resource through which market participants may track all of the significant CAISO market design initiatives.

2. Disposal of Items – PG&E finds the CAISO's process and criteria for the disposal of items to be unclear. What criteria does the CAISO use to determine that an item should be moved into the deleted initiatives section? PG&E requests that the CAISO clarify the terms assigned to each item and also recommends that the CAISO amend the current layout of the catalogue to more clearly reflect the status of each item. PG&E suggests that items be deleted only after successful and full implementation of the initiative.
3. Terminology – The CAISO's terminology in the catalogue does not appear to be completely consistent throughout the document and this resource would be improved significantly by clarifying how and why terms are used. PG&E requests that the CAISO clarify the use of terminology in two ways.

First, PG&E requests that the CAISO review the document so that status designations "Discretionary", "FERC Mandate", "In Progress/Planned" and "Non-Discretionary" are used consistently. For example, item 12.1.6 *Generation Resources for Meeting Resource Adequacy Requirements*, is one of many items included in the Complete Initiatives section but is also listed as In Progress. In another example, 2.6.1 *Proxy Demand Response* is not labeled. Consistently labeling would significantly increase the usefulness of the catalogue.

Second, PG&E requests the CAISO update the status designations and use designations that clearly reflect the initiative's status. It is our understanding that the status designations are taken from last year's catalogue and may be outdated. For example initiative 12.2.1 *A/S Subregional Cost Allocation* is tagged as "I" (In Progress/Planned). It is PG&E's understanding that this functionality was planned last year but is no longer. Some additional status designations may also be helpful; for example initiatives that have gone through a stakeholder process concluding that no action is warranted (such as the 30-minute A/S initiative)

4. Communication – The continued clear communication of expectations and requirements to stakeholders will be important throughout this stakeholder process. To this end, PG&E requests that the CAISO provide stakeholders with a high-level Gantt chart when the process concludes with an implementation plan for identified market initiatives. Our expectation is more detailed planning

documents will be developed when the Roadmap process transitions into a version planning process or market initiatives.

PG&E will provide more detailed comments and suggestions in subsequent comment periods but we wanted to take this opportunity to encourage the CAISO to continue to clearly communicate throughout this process because the initiatives in the catalogue will have significant policy, IT, planning and implementation implications for stakeholders.

In conclusion, PG&E reiterates our appreciation for the CAISO's work on the Roadmap process and we hope that our comments will assist the CAISO in the refinement of the Catalogue of Market Design Initiatives. We will remain an active participant in this stakeholder process and we look forward to the incorporation of the catalogue as a valuable tool to organize and prioritize the CAISO's market design initiatives.