

Scoping Document – System Market Power Mitigation



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Submitted by	Organization	Date Submitted
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Comments Re: CAISO System-Level Market Power Mitigation Initiative Scoping Document

PPC appreciates the opportunity to provide feedback on CAISO’s System-Level Market Power Mitigation Initiative Scoping Document. PPC’s members are interested in the potential development of this policy from several perspectives: as purchasers of preference power and transmission services from BPA (which is evaluating future participation in the EIM), as load serving entities in the current and/or future EIM footprint, and as possible and planned EIM participants themselves.

As stated in previously submitted comments, PPC appreciates the thoughtful approach CAISO has taken to exploring a system-level market power mitigation framework and the analysis of potential outcomes of different approaches to mitigating supply offers. However, the previous analysis provided by CAISO indicates to PPC that it is unlikely that observed high prices in the CAISO BAA are a result of entities exercising market power. Therefore, system-level market power mitigation implementation may not be the most efficient use of CAISO resources at this time. Other initiatives such as RA provisions and bilateral forward capacity contracting may be more effective in addressing the tight grid conditions that appear to be the primary cause of observed high prices in the CAISO BAA.

Should CAISO decide to proceed with implementing system-level market mitigation at this time, PPC generally supports the principles and scope outlined by CAISO staff as a starting point. As previously stated, PPC agrees with many aspects of CAISO staff’s Conceptual Design Proposal and with the updated perspective on only mitigating internal resources – which no longer includes resources in price-converged EIM balancing areas. However, as identified by the CAISO, many elements of a specific proposal would likely need more discussion in a stakeholder initiative process.

In addition to the Phase I and Phase II scope outlined by CAISO staff, PPC recommends CAISO examine whether an additional phase between I and II may be useful to determine whether an expanded application of system-level market power mitigation to the day ahead market would be necessary after mitigation in the real time market is adopted. As described in the Scoping Document, system mitigation in the real time markets may be effective in protecting against the exercise of market power in the day-ahead market.

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Again, PPC appreciates the opportunity to provide comments on the CAISO's System-Level Market Power Mitigation Initiative Scoping Document.