

Stakeholder Comments
Imbalance Conformance Enhancement Issue Paper & Straw Proposal

Submitted by	Company	Date Submitted
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Southern California Edison (SCE) offers the following comments on the Imbalance Conformance Enhancement Issue Paper and Straw Proposal¹ of the California Independent System Operator (CAISO).

As the proposal regarding the limiter hasn't really changed², please refer to SCE's prior comments³. In particular, SCE continues to caution that the proposal may lead to an increased level of price volatility in the Real-Time Markets. Further, there are merits in the logic of the existing limiter, as a false infeasibility can be driven by a combination of factors, including imbalance conformance for the current interval. The logic of the existing limiter should not be abandoned. The prudent course of action is to incorporate the proposed change as a second pass after applying the existing limiter logic. This would have the advantage of fully incorporating the newly proposed logic as well as avoid the risk of under-limiting⁴ any load conformance in the market clearing software.

Given that, the use of imbalance conformance as a tool in addressing a variety of issues for grid reliability purposes that are not incorporated in the market software may be reasonable⁵. When an imbalance conformance is unavoidable, the limiter is necessary to mitigate its potential adverse market impacts. As the CAISO indicated, imbalance conformances are a coarse estimate by operators and some of those conformances may not be feasible. For example, the operator may enter 500MW from one interval to the next interval, however the system can only ramp by

¹ <http://www.caiso.com/Documents/IssuePaper-StrawProposal-ImbalanceConformanceEnhancements.pdf>

² In particular, the proposed logic for Imbalance Conformance Limiter remains same as that in the Technical Bulletin, dated December 28, 2016. The Technical Bulletin is available at http://www.caiso.com/Documents/TechnicalBulletin_LoadConformanceLimiterEnhancement.pdf

³ <https://www.caiso.com/Documents/SCEComments-LoadConformanceLimiterEnhancements-TechnicalBulletin.pdf>

⁴ The risk of over-limiting can be low, compared to the risk of under-limiting. This is because, when limiter is applied, the resulting clearing price is usually near the bid cap due to high economic bid. For example see the DMM Q3, 2017 Report on Market Issues and Performance, "during most of the under-supply infeasibilities in the third quarter, accessible economic bids near the bid cap of \$1,000/MWh were dispatched such that the resulting price was near the penalty parameter", at p. 26.

⁵ Nevertheless the CAISO should strive to minimize such use to minimize market impacts.

300MW from one interval to the next interval. If the operator knew the system ramping capability, they would not have entered any amount above 300MW. In this case, the limiter should apply, as a second check, to limit the conformance to 300MW, which is an appropriate and necessary step.