

Comments to CAISO Price Performance Analysis

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Shell Energy North America (US), L.P. (Shell Energy) supports the ISO Price Performance initiative to examine anomalies associated with the lack of scarcity pricing in CAISO markets and possible drivers that may indicate that markets are not functioning to produce prices which reflect system fundamentals.

This analysis is especially important to determine factors that may depress RT prices and obfuscate scarcity pricing. This study stemmed in large part due to a perception that market participants were not fulfilling their intertie energy deliveries, and there was considerable discussion at the Market Surveillance Committee regarding whether the market was working. In particular, there was significant concern regarding HASP being an advisory price, used to dispatch interties, yet the RT price was the settlement price and often was significantly below the HASP. It would be helpful for the study to include an analysis of impacts to intertie deliveries, and frequency that RT was lower than HASP. The analysis of intertie bidding and scheduling should also include the effects of Exceptional Dispatch on the interties. Finally, the ISO should examine those periods when the ISO required delivery into low priced CAISO hubs (NP15) when external BAs had very high prices, which seems counterintuitive.

It will be helpful for the ISO to identify hours with significantly conformed load and re-run the market without the operator intervention to determine what the pricing outcome would have been.

We look forward to the results of this important analysis and believe this should be a start to an ongoing process to continue to examine where the market is not functioning properly.

Thank you for your consideration.

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