

**From:** chris.nichol@shell.com [mailto:chris.nichol@shell.com]

**Sent:** Thursday, April 18, 2019 5:37 AM

**To:** Bishara, James <JBISHARA@caiso.com>; ISO Stakeholder Affairs <ISOStakeholderAffairs@caiso.com>

**Cc:** Evans (Coral Energy), Mike <michael.evans@shell.com>; Ian.D.White@shell.com; Poage, Megan <mpoage@caiso.com>; Bautista Alderete, Guillermo <GBAlderete@caiso.com>

**Subject:** [EXTERNAL] RE: Shell Comments - Price Performance Analysis White Paper

Good morning. We appreciate the opportunity to provide comments regarding the Price Performance Analysis the CAISO is conducting. We support the ISO effort to evaluate price formation issues in this stakeholder process. We also encourage the ISO to focus on price formation at the interties, and to examine actual examples of when prices did not materialize as expected based on fundamentals. A good starting point would be the March 2 high price event in the PNW. We also believe that the analysis should include:

- Removal of load bias on select days and situations to determine if scarcity pricing would have materialized;
- Before/after analysis of prices with EIM; compare and report prices without EIM dispatch and then with EIM dispatch
- Analyze a set of events (at least 30) in which HASP was high but FMM was low, likely resulting in market participants declining intertie supplies, and determining reasons for the erroneous HASP indication or the factors that led to the low FMM.

While it may be helpful to look at trends and annual data, the real value in this effort will be to analyze many specific situations. We encourage the analysis to report on specific days/times when there was either a high decline rate, or HASP diverged significantly from FMM/RT.