

Comments on CAISO's Draft 2015 Stakeholder Initiatives Catalog

October 22, 2014

On October 1, 2014, CAISO posted the Draft 2015 Stakeholder Initiatives Catalog followed by a web conference on October 9, 2014. California Department of Water Resources State Water Project (SWP) appreciates the opportunity to provide comments.

Comments to Catalog Deletions:

13.2 Regulatory Must-Run Pump Load (D)

An excerpt from the CDWR's comments on the previous year's catalogue on this initiative is:

"SWP appreciates that CAISO is willing to keep this initiative alive and move the process of development forward. SWP agrees that SWP and CAISO had several rounds of conference calls. In response to 2012 initiative catalogue status, SWP provided an alternative solution on which discussions were focused. CAISO requested some information which SWP provided. SWP welcomes any effort to revisit the initiative."

During 2012, CDWR provided necessary information to ISO including a CDWR proposal, but since then no activities took place in moving forward. The need for this initiative is to create a new scheduling priority class in the integrated forward market for pump loads with regulatory must run requirements. CDWR request that ISO revives the communications CDWR and ISO made in 2012 with regard to this initiative to revisit and make a final determination whether to pursue or not.

13.6 Mitigating Transient Price Spikes, Real-Time Imbalance Energy Offset/Real-Time Congestion Offset (D)

CAISO proposes to delete the Mitigating Transient Price Spikes, Real-Time Imbalance Energy Offset (RTIEO)/Real-Time Congestion Offset (RTCO) Initiative from the 2015 Stakeholder Initiative Catalog. CAISO believes that the implementation of the transmission constraint relaxation parameter and 15 minute real-time market has contributed to the reduction of RTIEO and RTCO costs. In addition CAISO stated that the flexible ramping product and full network model could further address the RTIEO and RTCO cost issues.

SWP reviewed the CAISO's market performance reports from June 2014 through August 2014 which indicated that the RTIEO and RTCO costs increased approximately 78% in June 2014 compared with May 2014, and 3% in August 2014 compared with July 2014. In August 2014, the sum of RTIEO and RTCO was \$25.51 million, which is the higher than the amount of \$18 million in August 2013. SWP believes that the CAISO's stated efforts hasn't significantly decreased the RTIEO and RTCO amounts and recommends that this initiative remain in the 2015 Stakeholder Initiatives Catalog.

Proposed Initiatives:

Participating Load Enhancements:

In the 2012 Stakeholder Initiatives Catalog initiative, CAISO removed the Participating Load Enhancements initiatives due to assumed duplicated efforts with the Aggregated Pumps and Pump Storage initiative. SWP disagrees that these two initiatives are the same because Proxy Demand Resource functionality does not relate to SWP's pumping load or pumping storage.

SWP respectfully requests that the CAISO re-introduce the Participating Load Enhancements Initiative or revise the scope of the Aggregated Pumps and Pump storage initiative to include enhancements to the functionality of Participating Load (PL) that would improve PL to participate more fully in the CAISO market. Since the implementation of MRTU in 2009, PL's functionality has been limited to participate in the Non-Spinning Reserve market. SWP recommends that the CAISO conduct a study on what improvements could be made to PL functionality that would provide system benefits and conforms with pumping load/pumping storage limitations. For instance, SWP believes that the ability for PL to bid demand in the RTM would greatly reduce the current barriers to PL's participation in wholesale DR and possibly improve system reliability during over-generation periods. Also, by allowing PL to change its demand bid in the RTM, PL could better respond to ramping needs by shifting demand during critical ramping periods when water conditions permit.

Congestion Revenue Rights Allocation:

The SWP requests that CAISO introduce an initiative to revise the methodology used for allocating Congestion Revenue Rights (CRR) sourced at the Trading Hubs. SWP believes that the current methodology contributes to the ongoing revenue imbalance of the CRR Balancing Account and is counterproductive to the stated purpose for CRRs.