



Valley Electric Association, Inc. Comments on the Stakeholder Initiative Catalog and
Draft Policy Initiatives Roadmap

November 17, 2016

Valley Electric Association, Inc. (VEA) appreciates the opportunity to provide comments on the CAISO's Stakeholder Initiative Catalog Process and Draft Policy Initiatives Roadmap posted on November 4, 2016.

VEA offers feedback on three stakeholder initiatives (listed below) and offers additional comments on the process by which the ISO identifies and prioritizes initiatives to be undertaken in the upcoming year.

1. CRR Auction "Efficiency" (6.6.1)
2. Regional Integration California GHG Compliance (5.8)
3. Review of Maximum Import Capability (6.8.5)

These are detailed below.

1. CRR Auction "Efficiency" (6.6.1)

After consideration of the ISO's initial ranking of each discretionary initiative, VEA disagrees with the high-level ranking of the CRR Auction Efficiency initiative, specifically for the stakeholder support and market efficiency categories which are both currently valued at a seven.

It is not evident that a significant portion of stakeholders are in support of reassessing the CRR Auction. VEA finds the CRR auction to be a critical set of market functionality through which we are able to reconfigure our CRR holdings to the extent the allocation process provided CRRs other than the rights needed. VEA does not agree with the ISO's initial assessment that an initiative considering potential elimination of the CRR auction is highly desired by a large subset of stakeholders to warrant the current value of seven. In addition, VEA does not agree reassessing the CRR auction would have a positive impact on the overall market efficiency. While DMM's analysis shows a disparity between congestion rents collected and CRR payments made, the difference is trending downward. Therefore, the opportunity for improved market efficiency to which DMM refers is also decreasing, even notwithstanding that DMM fails to address the value that the auction does offer to LSEs. Furthermore, given the current market efficiency value, the ISO is assuming reassessing the CRR auction could improve the overall market efficiency to the same extent as enhancements to the real-time market could provide; Valley finds this assumption unrealistic.



Valley recommends decreasing both the “Improving Overall Market Efficiency” and “Desired by Stakeholders” values from seven to zero because of the adverse effects not having the auction would have on LSEs like VEA.

2. Regional Integration California GHG Compliance (5.8)

The ISO characterizes this initiative as “in progress”. VEA encourages the ISO to continue the development of a regional GHG policy. Whereas the initiative indicates that the initiative will track and model GHG *if* the market extends over multiple states. Yet with VEA in the ISO’s footprint the ISO already does extend over multiple states. VEA is being harmed by the failure of the current GHG policies to recognize the multiple state nature of the ISO, and quick action is needed to implement a design that is robust to multi-state membership.

3. Review of Maximum Import Capability (6.8.5)

VEA supports the initiative to review the MIC design. VEA suggests that this is an initiative that is highly desired by any stakeholder impacted by the RA market – likely a predominant number of LSEs and outside CA suppliers. The lack of a multi-year MIC and the inefficient allocation of MIC significantly impact LSEs’ costs of satisfying RA obligations. While VEA has a pre-existing import allocation, VEA recognizes that the allocation of import capability to other LSEs is inefficient at best. VEA suggests that the import of this issue to stakeholders is likely more of seven rather than the three that the ISO has currently proposed.

Stakeholder Process

VEA is aware of, and supports, other stakeholder comments regarding modifications to the stakeholder catalog process. The current Stakeholder Catalog process enables stakeholders to provide input only on a subset of initiatives, of which the ISO is only able to commit to a few by way of including them on the initiative roadmap. VEA recommends the ISO consider reforms to the process to a more transparent and comprehensive prioritization of initiatives that is based on importance to the market in terms of improved efficiency and/or reliability.

Thank you for your consideration of these comments.

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