

Western Power Trading Forum Comments on CAISO Stakeholder Catalog Process

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The Western Power Trading Forum (WPTF) appreciates the opportunity to provide comments on the Draft 2017 Stakeholder Initiatives Catalog. They are organized as follows:

- A. Process Questions
- B. Recommended changes to initiative descriptions
- C. Description of additional initiatives
- D. List of initiatives that should not be deleted

A. Process Questions

WPTF seeks feedback on whether the Discretionary items listed in Section 5 as “On-going” will be re-ranked in the catalog? Will market participants need to include them in their rankings for these initiatives to continue to be active?

B. WPTF recommends the following redline changes to the initiative descriptions.

WPTF recommends the description of item 10.1 related to EIM external participation be changed to the following:

This initiative will investigate potential EIM enhancements to allow participation of at the EIM boundaries through balancing authority areas that have not joined the energy imbalance market. The proposed changes will ensure that external participation is complementary and compatible with bilateral trades. In addition, this initiative will consider whether external participation will need to meet similar requirements of EIM participating resources. Requirements may include; locational bidding of a physical resource, modeling of resource characteristics, telemetry, and metering to enable accurate modeling of physical flows, congestion management, and ensure feasible dispatches. Also, the initiative will evaluate whether these external resources may need to be subject to market power mitigation procedures and make transmission available to exclusively accommodate its maximum bid range. Lastly, rules may need to be developed to address potential leaning by extending the resource sufficiency evaluation to external participation.

If the CAISO does not accept these or similar changes, then WPTF proposes the following addition to the catalog:

EIM Intertie Participation (D, E1)

This initiative will investigate potential intertie enhancements that would allow participation by entities at the EIM interties. The proposed changes will ensure that external participation is complementary and compatible with the WECC bilateral market, the CAISO’s existing intertie structure, and the EIM markets. This initiative will consider operational, behavioral, and transmission recovery aspects of EIM intertie participation.

WPTF recommends the following changes be made to the in-progress initiative, 5.13 Commitment Cost and DEB Enhancements (I, D, E2):

This initiative is evaluating changes to the market rules for bidding commitment costs and calculating commitment cost and energy bid reference levels. This initiative will also address whether to continue the current commitment cost bid caps used by the ISO or allow additional bidding flexibility. The initiative will specifically address how resources without capacity contracts are able to recover fixed costs and debt service within any commitment costs caps. In concert with additional bidding flexibility, this initiative will develop a market power mitigation methodology for commitment costs.

WPTF recommends the following changes be made to the in-progress initiative, 5.17 Economic and Maintenance Outages (D):

This initiative will consider whether the ISO should allow for economic outages and what form of compensation, if any, the ISO should provide if it denies a generator's maintenance or economic outage. It will explore how economic outages would interact with other requirements of the tariff and with grid and market operations. Further, this initiative will define specific mothball rules and process for resources desiring to go on an extended economic outage.

C. Additional Initiatives to Include

As noted in section B, if the CAISO does not take our suggestions to generalize the Enhancing Participation of External Resources initiative, WPTF proposes the following initiative be added:

EIM Intertie Participation (D, E1)

This initiative will investigate potential intertie enhancements that would allow participation by entities at the EIM interties. The proposed changes will ensure that external participation is complementary and compatible with the WECC bilateral market, the CAISO's existing intertie structure and the EIM markets. This initiative will consider operational, behavioral, and transmission recovery aspects of EIM intertie participation.

WPTF also proposes the following initiative be added to the catalog:

Energy and Ancillary Service Price Formation Assessment (D, E2)

This initiative will assess the CAISO's success at effectuating the market elements of the ISO's most recent Strategic Plan¹ and set forth recommendations on how to move forward with elements included in the Plan, including; how to ensure competitive prices, improve price transparency, develop appropriate financial support to keep needed plants online, and, develop market mechanisms to bring online resources offering operational flexibility. This initiative will explore holistically energy and ancillary service price formation issues in the context of high renewable penetration and make market design changes or recommendation for future initiatives as appropriate. Fundamentally the initiative will examine whether energy and ancillary service prices are providing a sufficient price signal to ensure needed resource capabilities are being sufficiently compensated such that they are likely to be secured in the Resource Adequacy market compared to resources less needed resources to integrate renewables.

¹ CAISO, Building a Sustainable Energy Future, 2014-2016 Strategic Plan, <http://www.caiso.com/Documents/2014-2016StrategicPlan-ReaderFriendlyreader-friendly.pdf>.

Regional Multi-Year Resource Adequacy (D)

This initiative will work in tandem with the California Public Utility Commission's Multi-Year RA proceeding with the intent on expanding any CPUC-jurisdictional program to all CAISO participants.

D. Initiatives that should not be deleted.

The CAISO should not delete the following initiative: 16.6 Multi-Year RA Import Allocation Process (D). The ISO's reason for deletion was that the CPUC had closed the Joint Reliability Plan proceeding, thus deferring multi-year resource adequacy procurement for the foreseeable future. Given the CPUC has once again opened up a multi-year RA proceeding, this makes the ISO's reason for deletion no longer applicable.²

² <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M166/K987/166987422.PDF>, page 7.