



Department of Energy

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Bonneville Power Administration
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System Market Power Mitigation Bonneville Power Administration Comments on the Draft Final Proposal July 14, 2020

Submitted by	Company	Date Submitted
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1. Pivotal Supplier Test Trigger

BPA is supportive of CAISO's improvements to the System Market Power Mitigation Draft Final Proposal. While we continue to believe all import capability should be considered when determining whether the CAISO Balancing Authority Area (BAA) is constrained, we acknowledge that the proposed triggers, in combination, reasonably approximate conditions where the potential for system market power exists. We appreciate CAISO's willingness to find reasonable compromise.

We agree with the CAISO that a system-level pivotal supplier test is appropriate only when the CAISO BAA is the highest priced region in the EIM, CAISO energy prices are at least \$100/MWh, CAISO energy prices are higher than published bilateral day-ahead indices, and prices are at least as high as CAISO's proxy cost calculation of a hypothetical gas peaker, based on current gas prices.

None of the proposed triggers are perfect in isolation, but the overall proposal is effective. In particular, a \$100/MWh threshold may be insufficient if fundamental changes to market drivers occur, and reliance on day-ahead indices may fail to adequately capture real-time price volatility.

We appreciate CAISO committing to working with stakeholders should triggers be inappropriate at some point in the future, but we request more detail on this process. As

one part of this process, we suggest a CAISO-published annual report on SMPM performance.

We encourage CAISO to retain all triggers proposed in the Draft Final Proposal.

2. Pivotal Supplier Test Design

BPA continues to support the proposed Pivotal Supplier Test Design, provided the test triggers in an appropriately small percentage of intervals.

3. Determining competitive LMP

BPA supports the Draft Final Proposal's incorporation of prevailing western bilateral prices in calculating the competitive LMP. The broader western interconnection is assumed to be competitive, and mitigation below bilateral price levels would artificially discourage CAISO imports.

4. Applying mitigation to internal supply offers

BPA continues to support CAISO's proposal to mitigate only supply offers within the CAISO BAA when the pivotal supplier test fails.