

Stakeholder Comments

Submitted by	Company	Date Submitted
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The California Large Energy Consumers Association (CLECA) appreciates the effort by CAISO staff to investigate ways to improve the Day-Ahead (DA) market processes and address flexibility needs in the real-time market. However, is it CLECA's understanding that about 90% of the energy market revenues for the CAISO balancing authority clear in the Day-Ahead market. Thus, any change to the DA market design could have significant revenue impacts, and obviously any cost increase is of concern to CLECA's members who purchase significant amounts of energy. In addition, FERC's policy against retroactive rate-making would prevent changing prices should a flaw in market design be discovered after implementation. Therefore, any changes to the market design require careful consideration before implementation and CLECA is concerned about the scope and the schedule.

CLECA recommends that the CAISO break up the enhancements into phases. Increased granularity should be the first phase. Later phases should address the other elements, such as combining the Integrated Forward Market and Residual Unit Comment or the implementation of the day-ahead Flexible Reserve Product. The benefit of this approach would be that the information learned from granularity improvement would assist in the prioritization and design of a Flexible Reserve Product. As CLECA expressed in prior comments,¹ there is an issue of double capacity payment, with resources being able to receive a payment for the new Flexible Reserve Product as well as for the contracts associated with Resource Adequacy. Even if resources with Resource Adequacy contracts have a zero-price bid requirement, they could still receive additional revenues should a unit without a zero-price bid set the clearing price. This is just one example of an issue that needs further investigation that can be accomplished by a phased implementation.

¹ <http://www.caiso.com/Documents/CLECAComments-DayAheadMarketEnhancements-IssuePaper-StrawProposal.pdf>