



Stakeholder Comments Template

FERC Order 831 – Import Bidding and Market Parameters

Submitted by	Organization	Date Submitted
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Please provide your organization’s overall position on the FERC Order 831 – Import Bidding and Market Parameters revised draft final proposal:

- Support
- Support w/ caveats
- Oppose
- Oppose w/ caveats
- No position

Please provide your organization’s comments on the following issues and questions.

1. Power Balance Constraint Relaxation Pricing and Constraint Penalty Prices

Please state your organization’s position on the Power Balance Constraint Relaxation Pricing and Constraint Penalty Prices as described in section 4.1: (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

Calpine disagrees with the inclusion of a non-zero, power-balance infeasibility “threshold” before triggering administrative pricing.

First, there seems to be no significant reliability justification for allowing administrative pricing only when relaxation of the power balance constraint exceeds a subjectively-determined non-zero MW threshold. A supply shortage of 10 MW appears to be a reliability violation as significant as one of 150 MW.

Second, as supply shortages begin to threaten reliability, prices should rise to encourage otherwise unavailable supply to bid into CAISO markets. Once a scheduling run relaxation has occurred – at any MW exceedance level -- prices should rise to the cap.

In fact, the current tariff, which FERC has deemed just and reasonable, applies no such “threshold”. A power balance relaxation in the scheduling run *of any magnitude* should and does drive SMEC to the administrative bid cap, currently set at \$1000. The CAISO proposal appears to maintain this same condition when bid prices are below \$1000.

However, the current proposal modifies that rule if and when there are cost-justified bids above \$1000. The proposal offers an unsupported and possibly unjust and unreasonable new rule creating, essentially an as-bid cap for power balance deficiencies below a subjective MW “threshold.” Only when the scheduling-run, power-balance computations yield a supply shortage above 150 MW would the pricing run SMEC be set at the higher, \$2000 administrative price.

It seems quite clear that if there are cost-justified bids above \$1000, any and all incremental capacity should be encouraged to bid into the CAISO markets. Any power balance relaxation under these conditions should drive SMEC to the FERC approved bid cap of \$2000. In fact, when cost-justified bid prices are above \$1000, the CAISO should consider a demand curve mechanism that imposes stepped administrative pricing *before* a power-balance violation occurs.

2. Screening import and virtual bids greater than \$1,000/MWh

Please state your organization’s position on screening import and virtual bids greater than \$1,000/MWh as described in section 4.2: (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

No Comment

3. Application of screen to Resource Adequacy Imports

Please state your organization’s position on the application of screening import and virtual bids greater than \$1,000/MWh to Resource Adequacy Imports as described in section 4.2.1: (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

No Comment

4. Maximum Import Bid Price Calculation

Please state your organization’s position on the Maximum Import Bid Price Calculation topic as described in section 4.2.2: (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

No Comment

Additional comments

Please offer any other feedback your organization would like to provide on the FERC Order 831 – Import Bidding and Market Parameters revised draft final proposal.

Thanks