



Stakeholder Comments Template

FERC Order 831 – Import Bidding and Market Parameters

This template has been created for submission of stakeholder comments on the FERC Order 831 – Import Bidding and Market Parameters revised draft final proposal that was published on July 22, 2020. The revised draft final proposal, stakeholder call presentation, and other information related to this initiative may be found on the initiative webpage at: <http://www.aiso.com/StakeholderProcesses/FERC-Order-831-Import-bidding-and-market-parameters>.

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **August 12, 2020**.

Submitted by	Organization	Date Submitted
<i>Brian Theaker</i> 530-295-3305	<i>Middle River Power, LLC</i> ("MRP")	<i>August 12, 2020</i>

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

MRP objects to the CAISO's proposals in this initiative (1) to use a properly-established \$2,000/MWh price to set the market clearing prices when the CAISO relaxes the power balance constraint only when the imbalance exceeds 150 MW and (2) to treat energy bids from RA imports differently than energy bids from non-RA imports.

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)

MRP opposes this aspect of the CAISO's proposal.

Please provide additional details to explain your organization's position and include supporting examples if applicable:

The CAISO has proposed, in situations in which the offer cap has been properly established at \$2,000/MWh, to set the market price at the \$2,000/MWh offer cap when the CAISO must relax the power balance constraint to solve the market only where the amount of the imbalance exceeds 150 MW. Where the CAISO has relaxed the power balance constraint and the imbalance is less than 150 MW, the CAISO proposes to set the price at the last cleared economic bid.

MRP opposes conditioning the use of the \$2,000/MWh offer cap on the size of the imbalance for the following reasons.

First, doing so is inconsistent with current, longstanding practice. The CAISO currently does not condition setting the market price at the current \$1,000/MWh offer cap when it relaxes the power balance constraint on the size of the imbalance. Nor does the CAISO propose to condition the continued use of the \$1,000/MWh offer cap to set the market clearing price on the size of the imbalance going forward.

Second, the CAISO has provided no evidence as to why it is necessary to condition the use of a properly-established \$2,000/MWh offer cap as the market clearing price on the size of the imbalance, apart from the implied reason that doing so would avoid setting higher prices with the power balance constraint is relaxed with the offer cap at \$2,000/MWh.

Third, there is no defensible technical basis for 150 MW, as opposed to any other number, as the threshold for using the last economic bid instead of the \$2,000/MWh offer cap when the power balance constraint is relaxed. The CAISO sought to subjectively justify this value, citing "operator good utility practice" and "striking a balance between strictly matching supply to demand and regulation deployment". This subjective justification implies that the CAISO could, if it chose, "lean" on regulation to avoid dispatching balancing energy to avoid setting a high real-time five-minute real-time price. Such leaning would effectively change the nature of the regulation product from an energy-neutral product that addresses shorter-term imbalances to a price-management product.

For all these reasons, MRP does not support the CAISO's proposal to use the last economic bid as the price when it must relax the power balance constraint and the imbalance is less than 150 MW and the offer cap is \$2,000/MWh. MRP respectfully urges the CAISO to simply apply the \$2,000/MWh offer cap as the power balance constraint relaxation price when it has been established as the offer cap as the CAISO proposes, regardless of the size of the imbalance.

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)

MRP supports the CAISO's proposal to accept bids from non-RA import resources above \$1,000/MWh where (1) there is an RA import with a cost-verified price above \$1,000/MWh or (2) the CAISO-calculated maximum import bid price is greater than \$1,000/MWh.

Please provide additional details to explain your organization's position and include supporting examples if applicable:

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)

MRP does not support the CAISO's proposal to lower bids above \$1,000/MWh from RA import resources in situations in which there is a cost-verified import bid above \$1,000/MWh or the CAISO's maximum import bid price is greater than \$1,000/MWh. The CAISO's proposal would treat RA import and non-RA import resources differently, without sufficient reason to justify this discriminatory treatment.

Please provide additional details to explain your organization's position and include supporting examples if applicable:

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)

MRP supports the CAISO's proposal.

Please provide additional details to explain your organization's position and include supporting examples if applicable:

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.

