



## Comments of Pacific Gas & Electric Company

### Aliso Canyon Gas-Electric Coordination Phase 4 - Draft Tariff Language

Submitted by	Company	Date Submitted
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Pacific Gas and Electric Company (PG&E) offers the following comments on the California Independent System Operator’s (CAISO) Aliso Canyon Gas-Electric Coordination Phase 4 - Draft Tariff Language published on September 17, 2018.

PG&E requests the CAISO to discuss the extension of the interim Aliso Canyon measures with stakeholders including further analysis of the impacts of the measures based on their use to date, and the costs and benefits of the measures. After such analysis is done, PG&E requests the CAISO to evaluate whether changes to the cost allocation for certain uplift costs (*e.g.*, RTIEO and RTCO) might be warranted to align with costs causation and beneficiaries pay principles.

Given the large impact of the constrained SoCal Gas system, the CAISO should continue to evaluate whether the current measures are working correctly or if another longer-term solution could be more effective.

**PG&E is concerned with the financial impact on customers (level of the costs and costs allocation) when the natural gas constraints are enforced.**

In the Q1 2018 Report on Market issues and Performance, the DMM highlighted that the binding enforcement of the gas constraints in real-time market occurred for selected intervals in peak hours in February 2018, resulting in high total real-time imbalance energy offset costs (RTIEO) for the first quarter 2018 reaching \$24 million (with about \$19 million attributable to four days February 20 to 23).

PG&E noted the DMM observations on the use of the natural gas constraint and its market impact: “If additional offset costs are caused by real-time gas burn constraint enforcement, DMM recommends that the additional costs and allocation of that cost, be considered before placing real-time gas burn constraints.”

PG&E requests the CAISO to:

- evaluate the costs and benefits of applying the constraints
- further analyze the broader cost impact of the gas price constraints;
- identify where these benefits are being realized. Is there any better cost allocation consistent with costs causation?

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More generally, PG&E would appreciate more transparency on how these real-time imbalance offsets costs are computed and recommends more transparency on how these costs are effective by the Aliso Canyon constraints.

### **Further work on a long term (robust) solution:**

The interim solution becoming a permanent one, PG&E advocates for a more robust market design solution that would allow better alignment of gas-electric constraints and market design to be considered.

As recommended by DMM the ISO could improve how gas usage constraint limits are set and adjusted in real-time based on actual gas usage in prior hours.

PG&E recommends the CAISO to engage stakeholders in a process to work on a long term (robust) solution.

### **Strict monitoring of the interim solution:**

PG&E reiterates the comments provided on previous phases of the interim measure. The CAISO should provide transparency of its use of this tool and analyze the performance of gas burn constraints after activating them in the day-ahead or real-time markets and share the results of this analysis.