

**Aliso Canyon Gas-Electric Coordination: Draft Tariff Language**  
**Comments of Pacific Gas & Electric Company (PG&E)**  
**May 3, 2016**

PG&E has reviewed the CAISO's draft tariff language, and offers the following recommendations to sections 7.9.2 and 30.11. *Please note that for ease of reading, only PG&E's proposed language and comments appear as tracked changes.*

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**7.9.2 Reasons for Suspension or Limitation**

The CAISO may suspend or limit the ability of one or more Scheduling Coordinators to submit Virtual Bids if the CAISO determines that virtual bidding activities of one or more Scheduling Coordinators on behalf of one or more Convergence Bidding Entities detrimentally affect System Reliability or grid operations. Virtual bidding activities can detrimentally affect System Reliability or grid operations if such activities contribute to threatened or imminent reliability conditions, including but not limited to the following circumstances:

- (a) Submitted Virtual Bids create a substantial risk that the CAISO will be unable to obtain sufficient Energy and Ancillary Services to meet Real-Time Demand and Ancillary Service requirements in the CAISO Balancing Authority Area.
- (b) Submitted Virtual Bids render the CAISO Day-Ahead Market software unable to process Bids submitted into the Day-Ahead Market.
- (c) Submitted Virtual Bids render the CAISO unable to achieve an alternating current (AC) solution in the Day-Ahead Market for an extended period of time.
- (d) Submitted Virtual Bids detrimentally affects CAISO market efficiency.

**30.11 Filings with FERC to Recover Actual Marginal Fuel Procurement Costs**

If the Schedule Coordinator incurs but cannot recover through the Bid Cost Recovery process any actual marginal fuel procurement costs that exceed (i) the limit on Bids for Start-Up Costs set forth in Section 30.7.9, (ii) the limit on Bids for Minimum Load Costs set forth in Section 30.7.10, (iii) the limit on Bids for Transition Costs set forth in Section 30.4.1.1.5, (iv) the incremental fuel cost calculated under the

**Comment [PGE1]:** PG&E urges CAISO to suspend virtual bidding system wide when the Aliso market design changes are implemented by CAISO due to systematic differences between the DA and RT models.

Variable Cost Option for Default Energy Bids as set forth in Section 39.7.1.1.1, or (v) the incremental fuel cost calculated for Generated Bids as set forth in Sections 30.7.3.4, 39.7.1.1.1, and 40.6.8, the Scheduling Coordinator for the resource may seek recovery for those costs through a FERC filing made pursuant to Section 205 of the Federal Power Act. The Scheduling Coordinator may seek recovery only for the costs incurred due to changes in commitment or dispatch taking place between 4 p.m. (one hour before the nomination deadline for the intraday 3 cycle) and midnight.

The Scheduling Coordinator must notify the CAISO within fifteen (15) Business Days after the Operating Day on which the resource incurred the unrecovered costs, and must submit the filing to FERC within sixty (60) Business Days after that Trading Day. Within twenty (20) Business Days after the Scheduling Coordinator provides notice to the CAISO per this Section, the CAISO will provide the Scheduling Coordinator with a written explanation of any effect that events or circumstances in the CAISO Markets and fuel market conditions may have had on the resource's inability to recover the costs on the Trading Day.

Each filing the Scheduling Coordinator submits to FERC must include:

- (1) Data supporting the Scheduling Coordinator's claim to the unrecovered costs it seeks, including Invoices for the unrecovered costs;
- (2) A description of the resource's participation in any gas pooling arrangements;
- (3) An explanation why recovery of the costs is justified; and
- (4) A copy of the written explanation from the CAISO to the Scheduling Coordinator described above in this Section.

To the extent that FERC authorizes the Scheduling Coordinator to recover any costs pursuant to the Scheduling Coordinator's filing, the CAISO will pay the Scheduling Coordinator any amounts the Commission deems recoverable and will allocate such amounts pursuant to section 11.14.

**Comment [PGE2]:** PG&E continues to encourage the CAISO to limit cost recovery to ensure that generators continue to have the appropriate incentive to stay in balance or comply with OFOs.

**Comment [PGE3]:** As BCR settlement comes out at T+12, and it takes time to process the data, PG&E will not be able to notify CAISO until 15 business days.