

**Comments of Powerex Corp. on  
Aliso Canyon Gas-Electric Coordination**

<b>Submitted by</b>	<b>Company</b>	<b>Date Submitted</b>
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Powerex appreciates the opportunity to submit comments on CAISO’s March 17 Issue Paper on Aliso Canyon Gas-Electric Coordination. In the Issue Paper, CAISO sets out a range of solutions to address issues that could arise as a result of the limited storage capacity available at the Aliso Canyon natural gas storage facility due to a leak experienced in fall of last year. Among other things, CAISO proposes market rule changes that would modify the timeline for publication of the results of the Day-Ahead Market and give generators greater flexibility to reflect the costs of intra-day gas procurement in their offers. CAISO also proposes certain out-of-market procurement mechanisms, including increased reliance on exceptional dispatch for real-time commitment of units and enhanced bid cost recovery.

Powerex strongly supports CAISO’s efforts to preserve reliability given the gas restrictions imposed as a result of the issues experienced at the Aliso Canyon facility. In pursuing this goal, Powerex encourages CAISO to focus on market solutions, thereby ensuring that market prices accurately reflect the costs borne by generators, and to avoid reliance on out-of-market dispatch and compensation mechanisms. This approach supports accurate price formation in CAISO markets by ensuring that locational marginal prices (“LMP”) reflect the marginal cost of serving load. Accurate LMPs, in turn, will encourage market participants to take actions that help address the challenges associated with the new gas scheduling restrictions. Powerex strongly encourages CAISO to pursue solutions that both preserve reliability and are consistent with sound price formation principles.

Powerex also encourages CAISO to minimize changes to the timelines for its Day-Ahead Market and other market processes to the extent possible. As CAISO notes in the Issue Paper, CAISO already held an extensive stakeholder process to consider whether changes to its market timelines were warranted in light of FERC Order No. 809 and there was a consensus among CAISO and stakeholders that such changes would not be beneficial. Powerex believes that deviating from the existing timelines may lead to harmful unintended consequences. Specifically, it is important to recognize that making changes to the timelines for running CAISO’s market processes will impact all market participants—not just those natural gas-fired generators impacted by the Aliso Canyon situation. For example, changing the timelines for CAISO’s Day-Ahead Market could materially impact the participation of external resources in CAISO markets, who must consider their CAISO participation in the context of timelines for bilateral trading elsewhere in the West.<sup>1</sup>

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<sup>1</sup> See, e.g., WPTF Comments on ISO Proposal for Alignment of RTO DA Scheduling Process with New Timely Gas Nomination Cycle at 11 a.m. at 5 (May 7, 2015) (discussing impact on import and export

Finally, Powerex encourages CAISO to consider steps that it could take to increase the amount of real-time flexibility that it receives from external resources during this critical time. Among other things, Powerex encourages CAISO to consider contacting BPA and LADWP to explore implementing 15-minute scheduling on the Pacific DC Intertie (“PDCI”), which would facilitate the delivery of flexible resources from the Pacific Northwest to the Southern California region impacted by Aliso Canyon, potentially offsetting the decrease in intra-day flexibility from internal generators. With CAISO currently managing approximately half of the capacity of the PDCI, implementation of 15-minute scheduling has the potential to “unlock” some additional real-time flexibility from resources in the Pacific Northwest. Moreover, Powerex understands that, due to a recently completed BPA upgrade to its PDCI facilities, 15-minute scheduling could now be implemented at a relatively modest additional cost. In order to increase the flexible resources that CAISO has available to it, Powerex encourages CAISO to reach out to BPA and LADWP to consider implementing 15-minute scheduling on the PDCI, perhaps initially on a trial basis, beginning summer 2016 and to explore with stakeholders other near term steps the CAISO could take to increase 15-minute liquidity on the interties in general.

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transactions), *available at* [http://www.caiso.com/Documents/WPTFComments\\_FERCOrderNo\\_809.pdf](http://www.caiso.com/Documents/WPTFComments_FERCOrderNo_809.pdf); SCE Comments on Bidding Rules Enhancements FERC Order 809 May 15 Stakeholder Call at 6 (May 27, 2015) (“Requiring DAM bids as early as 6:00 AM or 7:00 AM will significantly impact the CAISO market’s . . . ability to procure and bid these imports.”), *available at* [http://www.caiso.com/Documents/SCEComments\\_FERCOrderNo809.pdf](http://www.caiso.com/Documents/SCEComments_FERCOrderNo809.pdf).