

CRR Auction Efficiency Working Group

Imperfectly Matched Buyers and Sellers

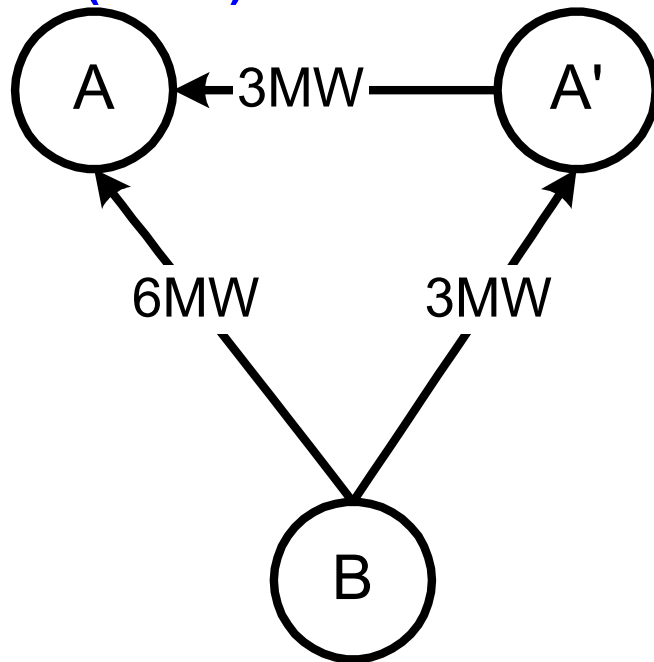
April 10, 2018

Willing Buyer/Seller Source-Sink Locations Need Not Be Perfectly Matched

- ❑ Parties have raised concerns about the likelihood of willing buyers and willing sellers nominating at the exact same locations
- ❑ This issue can be addressed by assigning counter flow CRRs to counterparties who are willing to accept them to increase the likelihood of their preferred CRRs clearing
- ❑ CAISO may be able to leverage the approach it uses to ensure that Trading Hub-sourced CRRs are feasible

CRR Offer – Party₁

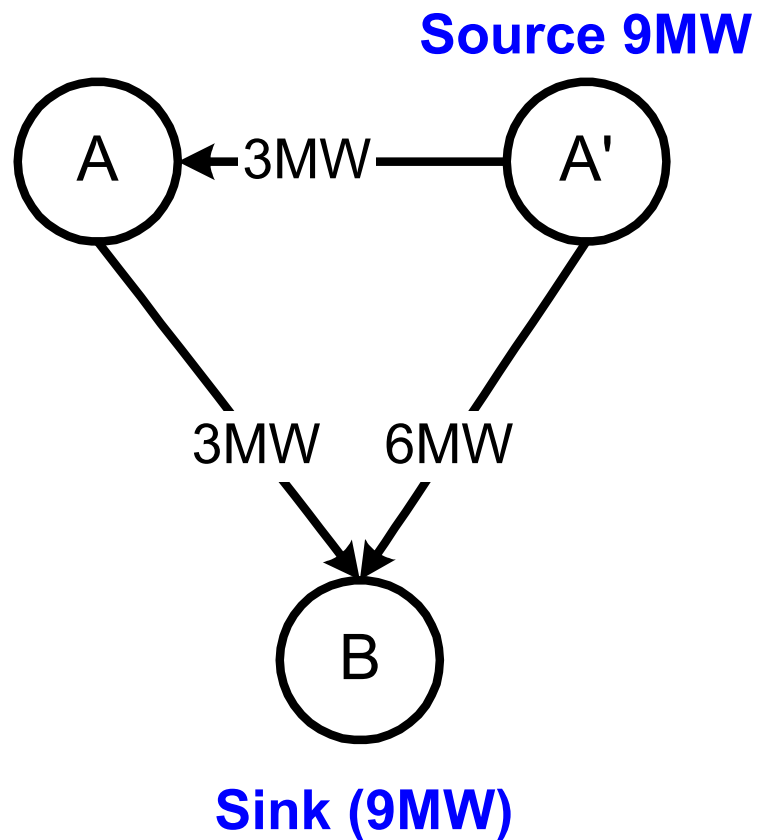
Sink (9MW)



Source 9MW

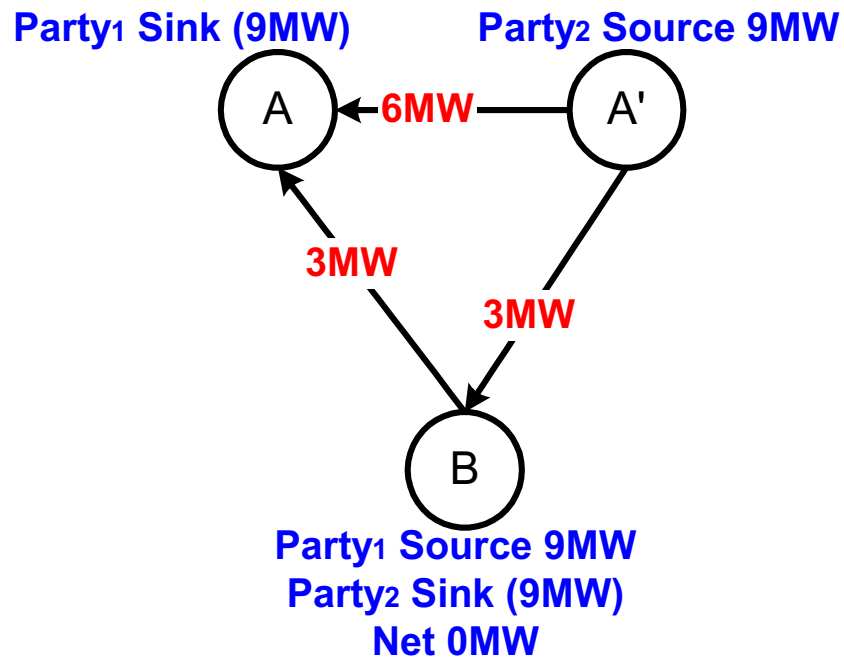
- Party₁ wants to sell (9 MW)
A – B CRR

CRR Bid – Party₂



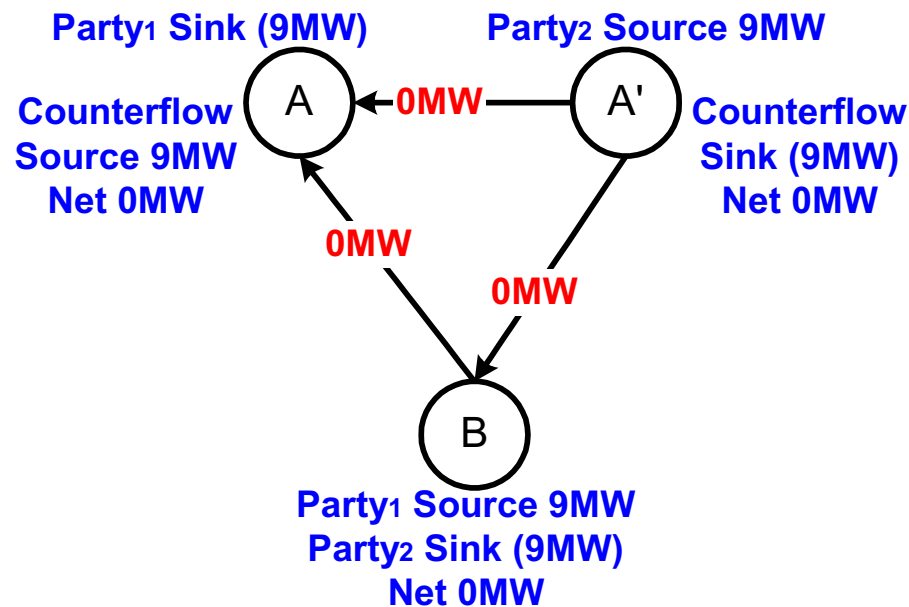
- Party₂ wants to buy 9 MW
A' – B CRR

Combined Party₁/Party₂ CRR Bid/Offer is Infeasible



- Party₁ wants to sell (9 MW) A – B CRR
- Party₂ wants to buy 9 MW A' – B CRR
- These are not feasible because not perfectly matched

Counter Flow CRR Makes Desired CRRs Feasible



- Assign 9 MW counter flow A – A' CRR to make non-matching CRRs feasible
- If split evenly, Party₁ sells (9 MW) of desired A – B CRRs, plus receives 4.5 MW of A – A' CRR
- Party₂ buys 9 MW of desired A' – B CRRs, plus receives 4.5 MW of A – A' CRR

Summary

- ❑ Counter flow CRRs can be used to make imperfectly matched source/sink CRR bids/offers feasible
- ❑ Similar to the approach auction participants take when they nominate counter flow CRRs to increase the amount of preferred CRRs that will clear the auction
- ❑ CAISO may be able to leverage the approach it uses to ensure that Trading Hub-sourced CRRs are feasible
 - Per BPM for Congestion Revenue Rights Section 8.2.4, CAISO uses a process that identifies and creates counter flow CRRs to increase the number of feasible Trading Hub-sourced CRRs