

Stakeholder Comments CRR Auction Efficiency Track 1B Straw Proposal

Submitted by	Company	Date Submitted
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Southern California Edison (SCE) offers the following comments on the California Independent System Operator's (CAISO) Congestion Revenue Right (CRR) Track 1B Straw Proposal¹.

This current phase has been created following the discussion at the March 22 Board of Governors meeting and "[t]he CAISO plans to bring Track 1B policy recommendations to the Board of Governors for approval in the summer of 2018."²

During the March 22 Board meeting, stakeholders engaged in discussion concerning a potential redesign that would be based on willing counterparties. However, it seems the CAISO has decided not to pursue a design that would be based on willing counterparties. The apparent rejection by the CAISO seems based upon issues that have not been discussed completely and is therefore premature.

For instance, in their Straw Proposal, the CAISO has cited "technical, competitive, and legal/regulatory" issues as reasons for not pursuing the SCE's proposal. However, this is inappropriate and unreasonable for the following reasons:

1. The CAISO has not put forth SCE's proposal to explore further, despite many key stakeholders support for the proposal.
2. The issues that the CAISO has cited in the Straw Proposal need to be studied and vetted – the CAISO has not demonstrated they would be real, has not attempted to capture the potential magnitude of their impact, and has not demonstrated that if the concerns are significant whether there are potential mitigation measures that can address the concerns.
3. The CAISO fails to acknowledge the benefit of SCE's proposal in addressing the significant loss for electricity consumers. Potential issues, even if they exist, should be weighed against the benefit.

For these reasons, the CAISO should reevaluate its Track 1B Proposal to adopt changes that address many underlying issues³ associated with the current auction.

¹ CAISO CRR Auction Efficiency Track 1B Straw Proposal <http://www.caiso.com/Documents/StrawProposal-CongestionRevenueRightsAuctionEfficiencyTrack1B.pdf>, dated April 19, 2018. Meeting Discussion Presentation: <http://www.caiso.com/Documents/Presentation-CongestionRevenueRightsAuctionEfficiencyTrack1B-Apr232018.pdf>

² CAISO April 11, 2018 Tariff Amendment Filing on CRR Auction Efficiency Track 1A, at p.10.

³ Such as: ratepayers are forced to sell transmission capacity in the auction (under the current design, the CAISO essentially sells the capacity of the transmission funded by ratepayers at \$0 in the auction on behalf of ratepayers), CRRs are inconsistently defined products, ratepayers face significant limitations to bidding in auctions and there are no willing counterparties for transactions made in the auction.