

Stakeholder Comments

Commitment Costs and Default Energy Bid Enhancements Issue Paper

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Southern California Edison (SCE) offers the following comments on the Commitment Costs and Default Energy Bid Enhancements Issue Paper¹ of the California Independent System Operator (CAISO).

SCE supports the DMM’s recommendation to make permanent the currently temporary ability to update gas prices

The Department of Market Monitoring (DMM), in its comments², noted its support to make permanent the temporary Aliso Canyon Gas Electric Coordination provision on updating the Day Ahead (DA) market with weighted average prices taken from the InterContinental Exchange (ICE) prior to the DA run.

One of the key points made by the DMM was that a substantial portion of price variance can be reduced if indices are updated before the start of the CAISO Day Ahead market (DA). Such was conveyed by the graphs on page 7, Figure 1 of the comments. This proposal, supported by SCE during the Aliso Canyon provisions process, should be made permanent.

Further, SCE supports the DMM proposal that the CAISO should not only provide itself the tools to monitor and analyze potential anomalies but also empower itself to be able to protect the

¹ http://www.caiso.com/Documents/IssuePaper_CommitmentCost_DefaultEnergyBidEnhancements.pdf

² <http://www.caiso.com/Documents/DMMComments-CommitmentCostsandDefaultEnergyBidEnhancementsIssuePaper.pdf>

market while referring the anomalies to the FERC³. Sampling or even manipulation issues could arise and these should be monitored using metrics and accounted for if they threaten market efficiency.

³ Ibid. Page 8. Option 3.