



## Stakeholder Comments Template

### System Market Power Mitigation

This template has been created for submission of stakeholder comments on the Revised Straw Proposal for the System Market Power Mitigation. The paper, stakeholder meeting presentation, and all information related to this initiative is located on the [initiative webpage](#).

Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com). Submissions are requested by close of business **May 4, 2020**.

Submitted by	Organization	Date Submitted
<i>Nuo Tang</i>	<i>San Diego Gas &amp; Electric</i>	<i>May 7, 2020</i>

**Please provide your organization's general comments on the following issues and answers to specific requests.**

SDG&E appreciates the opportunity to provide comments to this initiative. SDG&E supports the goal to establish a system market power mitigation tool.

#### 1. Pivotal Supplier Test Trigger

Please provide your organization's specific feedback on the ISO's proposal to perform the Pivotal Supplier Test when its Balancing Authority Area (BAA) is in the highest priced import-constrained region in the energy imbalance market.

SDG&E generally agrees and supports the CAISO's proposed test trigger when the CAISO balancing area's power balance constraint shadow price increases above other balancing areas. When this occurs, it signals that constrained transfer conditions between the CAISO and other BAAs. SDG&E believes that it is also possible that internal CAISO BAA prices are higher due to certain fuel price constraints that occur in the CAISO BAA. Therefore, SDG&E believes that under such circumstances the mitigated resources should still receive bid cost recovery to the extent the mitigation price is below the resources' actual operating costs.

#### 2. Pivotal Supplier Test Design

Please provide your organization's specific feedback on the ISO's proposal to consider suppliers with resources within the CAISO BAA as potentially pivotal, treat economic import offers and offers from participating resources within the energy imbalance market as fringe supply, and account for net seller load-serving obligations.

SDG&E wishes to better understand the CAISO proposal to sum the supply schedules over all resources associated with a supplier affiliate group. However, SDG&E requests the CAISO to consider whether fringe supply that is affiliated with a pivotal internal supplier would also be considered as part of the supplier test. SDG&E believes that fringe supply should also be mitigated with the pivotal supply of the same affiliate group just as how the CAISO considers internal generation to be part of the same affiliate group even if they are required to be operated separately by the Federal Energy Regulatory Commission ("FERC")

**3. Determining competitive LMP**

Please provide your organization's feedback on the proposal to determine the competitive Locational Marginal Price (LMP) when the ISO mitigates bids for resources located within its BAA.

SDG&E supports the proposed methodology to determine competitive LMPs. However as explained above, SDG&E believes that under certain scenarios, internal resources may have legitimate reasons for higher energy offers when compared to offers from imports or EIM entities. In such situations, SDG&E recommends such resources to receive bid cost recovery if the mitigated price is lower than the actual cost of generation.

**4. Applying mitigation to internal supply offers**

Please provide your organization's feedback on the proposal to mitigate pivotal supplier resource offers within the ISO's BAA.

SDG&E has no additional comments at this time.

**5. Additional comments**

Please offer any other feedback your organization would like to provide on the revised straw proposal and topics discussed during the web meeting.