

## San Diego Gas and Electric Comments

## Commitment Costs and Default Energy Bid Enhancements (CCDEBE)

August 2, 2017 Revised Straw Proposal

Submitted by	Company	Date Submitted
Victor Kruger <a href="mailto:vkruger@semprautilities.com">vkruger@semprautilities.com</a> 858-654-1619	SDG&E	8/8/2017

San Diego Gas & Electric (SDG&E) respectfully submits the following comments in response to the California Independent System Operator (CAISO) request for stakeholder input on Commitment Costs and Default Energy Bid Enhancements (CCDEBE) August 2, 2017 Revised Straw Proposal and August 3, 2017 Technical Working Group.

SDG&E appreciates the fast and significant progress the CAISO has made addressing problems uncovered while developing CCDEBE. It now appears that no fatal flaws remain (i.e. market power mitigation) and resolution of remaining concerns is possible. SDG&E continues to investigate the possible interactions of Real-time Market Enhancements (RME) with CCDEBE.

**Tandem implementation of CCDEBE and RME:** SDG&E supports the tandem implementation of CCDEBE and RME. RME will probably have changes that would be inconsistent with how CCDEBE would be implemented by itself necessitating significant reworking of CCDEBE. It would be more efficient and timely to address overlapping CCDEBE and RME issues in tandem.

**Non-binding critical constraints:** SDG&E supports assessing critical constraints as well as binding constraints. The 85% or greater flow in the prevailing direction of critical constraints is a reasonable threshold to apply a dynamic competitive power assessment (DCPA). This balances more bidding flexibility against market power protection.

**Circuit breaker hard caps:** SDG&E supports the use of hard caps to commitment cost bids as a necessary part of implementing CCDEBE. They are a safety measure to prevent flaws in data or processes from being exploited and also limit the total impact of undetected problems. However, the 300% level selected by the CAISO appears too high to SDG&E. The use of this value from the far more volatile Eastern markets is inappropriate. The CAISO should develop a value based on California specific information or, if none is available, set an initial value much lower that can be incremented up over time as experience is gained.

**Additional refinements:** The CAISO has developed a viable framework for CCDEBE but additional refinements are required in market power protection, reference level, reasonableness threshold verification and requirements. The CAISO in the workshop alluded to clarifications

and refinements that would be coming in the next CCDEBE proposal that should address many of SDG&E's concerns.

**Market simulation:** CCDEBE with FERC order 831 will be the most complex implementation since FERC order 764 and the fifteen-minute market (FMM). Time should be spent now on how processes will be grouped and tested for creation of appropriate go-live criterion and off-ramps for failed tests. SDG&E expects a long and complex market simulation.