California ISO

Stakeholder Comments Template

System Market Power Mitigation

This template has been created for submission of stakeholder comments on the Draft Final Proposal for the System Market Power Mitigation initiative. 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. Submissions are requested by close of business **July 14, 2020**.

Submitted by	Organization	Date Submitted
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Please provide your organization's general comments on the following issues and answers to specific requests.

1. **Pivotal Supplier Test Trigger**

   Please provide your organization's specific feedback on the ISO's Pivotal Supplier Test Trigger proposal, as described within the draft final proposal, which includes several criteria to only perform the three pivotal supplier test when there is a potential for system-level market power.

   The Six Cities support the CAISO's proposed pivotal supplier test trigger as set forth in the Draft Final Proposal.

2. **Pivotal Supplier Test Design**

   Please provide your organization's specific feedback on the ISO's proposal to use the three pivotal supplier test to determine if pivotal suppliers in the ISO Balancing Authority Area (BAA) could exercise market power in the constrained region, as described within the draft final proposal.

   The Six Cities support the proposed design of the pivotal supplier test as described in the Draft Final Proposal.

3. **Determining competitive LMP**

Please provide your organization's feedback on the proposal to calculate the competitive locational marginal price (LMP) when the ISO BAA fails the system-level market power mitigation test.

The Six Cities support the CAISO's proposal with respect to the methodology for determining the applicable LMP to use when undertaking mitigation for market power.

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

Please provide your organization's feedback on the proposal to apply the Pivotal Supplier Test to mitigate pivotal supplier resource offers within the ISO's BAA when the pivotal supplier test fails.

The Six Cities do not oppose the CAISO's proposal to mitigate pivotal supplier offers within the CAISO BAA when the pivotal supplier test fails. In their prior comments in this initiative, however, the Six Cities observed that there may be circumstances in which mitigation of external resources could be appropriate.

The CAISO's decision in the Draft Final Proposal to mitigate supply offers solely from internal resources appears to be largely predicated on a presumption that west-wide markets are competitive. While the Six Cities agree that this presumption is not unreasonable for purposes of the initial phase of this initiative, which is focused on implementing a system-wide market power mitigation approach for the Real-Time Market, the Six Cities urge the CAISO to engage in continued monitoring of market conditions within the west. Should it appear that the western energy markets exhibit characteristics of non-competitiveness, then the Six Cities urge the CAISO to evaluate if broader mitigation to include external resources is appropriate. The Six Cities note further that consideration of market power mitigation within the context of an extended Day Ahead Market may also provide a forum in which to consider the competitiveness of markets external to the CAISO BAA and how those markets interrelate with and influence prices and resource supply in the CAISO.

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.

The Six Cities have no additional comments at this time.