

California Community Choice Association

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Contact

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1. Working Group Session - Are there any outstanding questions on BAA-Level Market Power Mitigation as it exists today?

The California Community Choice Association (CalCCA) appreciates the opportunity to comment on the California Independent System Operator's (CAISO) Price Formation Enhancements Working Group Session #5. As described in CalCCA's comments to working group #4, [\[1\]](#) with respect to balancing authority areas (BAA) -level market power mitigation, this initiative can now focus on how to group BAAs when performing the dynamic competitive path assessments to improve the existing BAA-level market power mitigation approach and developing a BAA-level market power mitigation methodology that includes both the CAISO and other BAAs participating in the Western Energy Imbalance Market (WEIM) or the Extended Day-Ahead Market (EDAM).

[\[1\]](#)

<https://stakeholdercenter.aiso.com/Comments/AllComments/969b55a3-402f-435b-a97f-270ab94c2beb#org-163889a3-9f08-49f8-8adf-32c5edbd441d>.

2. Working Group Session - Please share your organization's feedback on the PFE Working Group's draft problem statements formulation exercise. Do you have any problem statements or scope items you would like to propose for further discussion in the process.

Problem statements should be developed using analysis to support the existence of a problem.

For BAA-level market power, one of the problem statements can be defined as: The CAISO Department of Market Monitoring's (DMM) annual report consistently shows there are hours when the CAISO market is not structurally competitive, [\[1\]](#) but the CAISO BAA does not have market power mitigation in place at the BAA level during those uncompetitive hours.

Before defining scarcity pricing problem statements, the CAISO should demonstrate with analysis that problems exist. This should include how frequently the problem occurs, under what conditions, and what impacts it has on the market. That is, the CAISO should demonstrate the existing Scarcity Pricing mechanisms are insufficient to send the right price signals during periods of scarcity to incent resource availability. Solutions can then be tailored to the problems identified via this analysis.

[1] 2022 Annual Report on Market Issues and Performance at 55:
<http://www.caiso.com/Documents/2022-Annual-Report-on-Market-Issues-and-Performance-Jul-11-2023.pdf>.

3. Working Group Session – Please share your organization’s feedback on the topics/themes presented in the discussion paper in order of most to least important.

CalCCA’s comments to working group #4 submitted on September 28, 2023 reflect CalCCA’s current feedback on the topics/themes in the discussion paper and CalCCA’s ranking from most to least important.

4. Working Group Session - Provide your organization’s feedback on the PFE Working Group process and any suggestions you have for improvement.

CalCCA has no comments on the PFE Working Group Process at this time.

5. Discussion Paper - Provide your organization’s feedback on the guiding principles outlines in the PFE Discussion Paper. Please provide any additional PFE guiding principles for further consideration in the Working Group process.

The guiding principles of Efficiency, Simplicity, Feasibility, Transparency, Accuracy, Effectiveness, and Competition are reasonable guiding principles for price formation. Proposed policy solutions should be developed with the goal of maximizing adherence to these principles. CAISO and stakeholders will likely find, however, that most solutions will meet some of the guiding principles but not others (e.g., a proposed policy solution could be simple and feasible but not transparent, another could be transparent and simple but not accurate, etc.). The challenge during the policy development phase will be how to balance all of these guiding principles that may be at times contradictory to one another.

6. Discussion Paper – Provide your organization’s feedback on the Working Group Process and Deliverables (Discussion goals, process, evolution of the Discussion Paper, Action Plan)?

CalCCA has no comments on the working group process and deliverables at this time.

7. Discussion Paper – Provide your organization’s feedback on the overarching themes/topics presented for problem statement formulation. Are there any additional themes or scope items which should be further explored?

CalCCA’s comments to working group #4 submitted on September 28, 2023 reflect CalCCA’s current feedback on the topics/themes in the discussion paper.

8. Is your organization interested in presenting its experience or area of expertise at a future working group? If yes, which topic area or theme will your presentation address or support? Does your presentation introduce a problem statement, help illustrate a problem statement, or provide a scope item for a draft problem statement under discussion?

CalCCA is not interested in presenting at this time.

9. Please provide any additional feedback.

CalCCA has no additional comments at this time.

