

Stakeholder Process: Imbalance Conformance Enhancements**Summary of Submitted Comments**

Stakeholders submitted three rounds of written comments to the ISO on the following dates:

- Round One: Issue Paper/Straw Proposal comments received 12/20/17
- Round Two: Draft Final Proposal comments received 2/20/18
- Round Three: Revised Draft Final Proposal comments received 3/21/18

Parties that submitted written comments: APS (Arizona Public Service), DMM (Department of Market Monitoring), NRG (NRG Energy Inc.), NVE (NV Energy), PacifiCorp, PG&E (Pacific Gas & Electric), PGP (Public Generating Pool), PGE (Portland General Electric), Powerex, SCE (Southern California Edison), SCL (Seattle City Light), Six Cities, WPTF (Western Power Trading Forum)

Stakeholder comments are posted at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/ImbalanceConformanceEnhancements.aspx>

Other stakeholder efforts include:

- Issue Paper/Straw Proposal conference call, 12/8/17
- Draft Final Proposal conference call, 2/6/18
- Outreach calls with individual entities

Management proposal	Generally or Conditionally Supports	Does not Support	Management response
Tariff change to explicitly authorize imbalance conformance by the ISO.	All entities support the proposed tariff clarifications.	N/A	Currently, the tariff allows the ISO to set the CAISO Forecast of CAISO Demand (CFCD) as deemed appropriate and necessary to meet anticipated system conditions to maintain reliable operation of the bulk electric grid. The process of imbalance conforming is completed by changing the CFCD. Therefore, the ISO implicitly has the authority to conform for imbalance. However, Management proposes to clarify the tariff to make this authority more explicit. All entities support this clarification as it provides additional clarity and transparency.
Tariff change to explicitly authorize imbalance conformance by the EIM balancing authority areas.	All entities support the proposed tariff clarifications.	N/A	In addition to clarifying authority of the ISO to conform, Management proposes to clarify the authority of EIM balancing authority areas to conform for imbalance. These tariff changes provide additional clarity and transparency.
Implement conformance limiter enhancements and clarify tariff language regarding use of the limiter.	APS, DMM, NRG, NVE, PacifiCorp, PG&E, PGP, PG&E, PGE, SCL, Six Cities, WPTF support.	SCE – opposes the proposed limiter enhancements because they will reduce the frequency with which the limiter triggers. SCE believes the limiter is necessary to maintain price stability in the ISO markets. SCE proposes to use a combination of the current functionality <i>and</i> the proposed functionality. This would increase the frequency with which the limiter triggers.	The proposed limiter enhancements enable the limiter to trigger more accurately based on conformance changes between market intervals. SCE’s approach will result in the limiter triggering more frequently. SCE believes this will create price stability by avoiding penalty prices. Management believes the intent of the limiter is not to avoid penalty prices, but to avoid price spikes when they are artificially induced by the operator.

Management proposal	Generally or Conditionally Supports	Does not Support	Management response
		<p>Powerex – opposes the limiter enhancements and believes the limiter should be eliminated immediately because it may suppress legitimate scarcity prices.</p>	<p>Management believes the limiter is appropriate under existing market and operational conditions because triggering artificial price spikes through coarse operator imbalance conformances would likely occur more frequently than true scarcity conditions. However, management agrees with Powerex that energy prices should reflect scarcity prices even when the balancing area operator has made a load conformance. To address this, management has committed to remove the limiter in two years. Improvements to operator tools over the next two years will minimize the coarse conformances and ensure conformance requirements are more accurate.</p>