

Comments of Pacific Gas and Electric Company

EIM Draft Readiness Criteria

Submitted by	Company	Date Submitted
Jordan Parrillo (415) 973-3631	PG&E	06/24/15

Pacific Gas and Electric Company (PG&E) offers the following comments on the California Independent System Operator's (CAISO) June 10, 2015 Energy Imbalance Market (EIM) Revised Draft Readiness Criteria.

PG&E supports the development of robust readiness criteria to ensure that all new EIM entrants are sufficiently prepared for EIM go-live and the commencement of financially binding EIM operations. PG&E reiterates its recommendations from its May 21, 2015 comments on the EIM Draft Readiness Criteria. Specifically, PG&E still recommends that the proposed thresholds for the base schedule balance test (EIM Readiness Criteria Item 15) and the EIM capacity test (EIM Readiness Criteria Item 17) should be strengthened and that market participants should be informed of the results from market simulation and parallel production through public reports containing key metrics and observations.

PG&E also offers three additional recommendations on the EIM Revised Draft Readiness Criteria:

- The CAISO should clarify the language addressing the EIM Readiness Certificate that is required 30 days prior to implementation with all new EIM entities.
- The EIM Readiness Criteria Item 26 under the Market Simulation category should be verified by existing CAISO market participants in addition to the EIM Entity.
- The CAISO should provide more information on the metrics and criteria for EIM Readiness Criteria Item 31 regarding Deployment and the Parallel Production Plan.

I. PG&E recommends a clarification of the language addressing the EIM Readiness Certificate that is required 30 days prior to implementation with all new EIM entities.

Regarding the EIM Readiness Certificate that the CAISO and new EIM Entity are required to sign 30 days prior to implementation, the CAISO states that “the ISO and EIM Entity will not certify as to results or performance during the parallel production phase; the certification will attest, however, that neither the ISO or EIM Entity will seek to initiate the market at the end of thirty days if (1) any unexpected conditions or issues arise during that period that undermine grid

operation or market operation within the existing EIM footprint, and (2) those issues are unresolved as of the scheduled go-live date.”¹ PG&E recommends the following clarification to this language to ensure that unresolved issues that apply to the broader CAISO footprint are also accounted for in the readiness certification:

“...the ISO and EIM Entity will not certify as to results or performance during the parallel production phase; the certification will attest, however, that neither the ISO or EIM Entity will seek to initiate the market at the end of thirty days if (1) any unexpected conditions or issues arise during that period that undermine grid operation or market operation within the existing EIM or CAISO footprint, and (2) ~~those~~ any such issues are neither corrected nor verified as resolved ~~unresolved~~ as of the scheduled go-live date.”

II. PG&E recommends that EIM Readiness Criteria Item 26 under the Market Simulation category should be verified by existing CAISO market participants in addition to the EIM Entity.

The CAISO’s proposed EIM Readiness Criteria Item 26 addresses the CAISO Settlement Statement and Invoice Publication to EIM Entity and EIM Participating Resources during Market Simulation. CAISO proposes that “one clean settlement statement and invoice from the ISO” must only be verified by the EIM Entity settlements software system in order to pass validation. PG&E believes that the settlement statement and invoice publication must also be verified by the existing Market Participants, both within the CAISO footprint and the footprint of all existing EIM areas, in order to pass validation. The CAISO Settlement Statement is not specific to the new EIM Entity and applies to the broader market, and thus should be reviewed by existing Market Participants as well.

III. PG&E requests more information on the metrics and criteria for EIM Readiness Criteria Item 31 regarding Deployment and the Parallel Production Plan.

The CAISO’s proposed EIM Readiness Criteria Item 31 addresses the Deployment and Parallel Production Plan. The proposed criteria and threshold appear to be incomplete as the only identified criteria is that system outage timelines are within operational limits. The parallel production process will occur after the required 30-day certification and thus the CAISO states that the certification will not address the results or performance during the parallel production phase. Further, as discussed in the CAISO proposal, the CAISO and/or the EIM Entity will delay EIM implementation with the new EIM Entity if, during parallel operations, any unexpected conditions or issues arise that undermine grid operation or market operation and those issues are unresolved as of the scheduled go-live date. PG&E requests that the CAISO provide more information and give examples of the metrics, criteria, and thresholds that would be consistent with the conditions that the CAISO expects during parallel operations that would indicate that grid operation and market operation are ready for go-live. It is particularly important to have upfront criteria established for parallel production because the 30-day certification will not be informed by actual results or performance during parallel production.

¹ CAISO Energy Imbalance Market Entity Readiness Criteria For Implementation of Nevada Energy as an EIM Entity, June 10, 2015, p.4.

IV. The proposed EIM readiness criteria thresholds for the base schedule balance test and the EIM capacity test should be strengthened.

- a. The CAISO proposes that 90% or greater of base schedule balance tests are within 5% average imbalance of load forecast over a two day period before full activation. This threshold allows too great of a tolerance so close to full activation. The CAISO should provide examples of MW thresholds for each EIM Entity to indicate a reasonable threshold as it applies to a given EIM entity and indicate the potential implications of a swing from 5% over to 5% under forecast in one interval to the next.
- b. The CAISO proposes that an EIM entity must demonstrate that it can pass the EIM capacity test 90% of the time or greater of one day before parallel operation and two days before full activation. A 90% threshold for passing the capacity test is not sufficient. Failure to pass the capacity test 10% of the time indicates a fundamental issue with the reliability of an EIM entity to meet its capacity requirements. The CAISO should explain the reasonableness and potential implications of using this threshold.

V. All market participants should be informed of the results from market simulation and parallel production through public reports containing key metrics and observations.

The CAISO should publicly report on the EIM market simulation and parallel production testing so that all market participants are informed of the results that CAISO is observing and the issues that have been identified. The reports should represent an aggregated, high-level view of the data resulting from market simulation and parallel production and should include the following key metrics:

- Number of hours of stable operations without disruptions;
- Minimum participation levels;
- Net MW's offered and cleared;
- Number of violations and type of violation (e.g. power balance, A/S);
- Identify missing SCADA points, mismatches in network model and ongoing efforts to remedy them;
- Identify and explain significant issues and expected timeline to resolve.

In response to PG&E's recommendation for public reporting, the CAISO states that the Division of Market Quality will be analyzing and validating market outcomes, including prices, during the market simulation phase. CAISO states that the results of implementation activity during the market simulation phase will be discussed on public calls held periodically throughout the period of market simulation and that during those calls stakeholders will have an opportunity to learn about market outcomes and ask questions. While PG&E appreciates this process and will be an active participant in the public calls on market simulation, PG&E still recommends periodic public reports to add transparency into the process and market results.