**PRR 1282: Scheduling of exports in the real time market**

**Overview of PG&E’s Comments:** PG&E supports the goals in the CAISO Emergency BPM (PRR 1282) but has some remaining questions and concerns regarding how this change will affect the process for scheduling and prioritizing exports.

The CAISO/CPUC/CEC Preliminary Root Cause Analysis of the August 2020 heat wave identified day-ahead energy market processes that exacerbated the supply challenges under highly stressed conditions. These included load under scheduling, convergence bidding practices, and a failure in the Residual Unit Commitment (RUC) process that led to more exports appearing supportable in the Day Ahead Market (DAM) than should have been. While PG&E believes these PRR changes are a needed step to address these challenges in RUC, PG&E has a number of questions as we want to make sure these market design practices work effectively to meet our policy objectives.

*PG&E supports the goals of CAISO’s change to the RUC process*

PG&E welcomes the CAISO’s modification to the RUC process to use the scheduling run in lieu of the pricing run to ensure that the process operates as intended and does not fail to properly commit the necessary resources (or curtail exports) to meet demand like it did during the August heat wave and associated power interruptions.

*PG&E’s requests for additional analysis and examples regarding how this RUC process would operate during events like those in August going from the DA market through RUC and into RT.*

1. PG&E requests CAISO clarify how this RUC process would affect export schedules and their priorities and provide examples to support how these changes would have worked correctly to allow the CAISO to curtail exports during the August events.

**CAISO’s response:** The scheduling priorities are not affected by this change since no penalty price was impacted by this change. It is only a reference of the MW what was impacted.

1. PG&E requests more details and examples about the prioritization of RA vs. non-RA exports and how this BPM change might affect the possibility for curtailment in real time during reliability events.[[1]](#footnote-2) We have concerns about the joint report findings which appears to show several thousand MW of “non-RA” resources as being available to support export transactions and would request further discussion on the information CAISO sees to make such determinations and the impact of the curtailment prioritization might be going forward and want to make sure RA is identified and prioritized correction.[[2]](file:///C:/Users/local_p2m1/INetCache/Content.Outlook/C22I95K1/Preliminary%20Root%20Cause%20Report%20Analysis%20Talking%20Points%20for%20ISO.docx) PG&E believes the CAISO’s objective should be to ensure California customers have priority to the energy from all such resources (and non-RA imports that crowd out RA imports on congested paths) in emergency conditions regardless of what is shown for RA through CAISO’s RA processes.

**CAISO’s response:** The item pointed by PG&E regarding RA versus non-RA has no relationship to the impact reflected with this BPM change. This change does not impact the nature of the export nor their priorities nor the treatment of RA versus non RA capacity.

1. PG&E wants additional examples of how Real-time exports with a high priority would be curtailed if there are large differences between RT actuals and RUC forecasts and how this fits with CAISO’s policies. After the day-ahead market and leading up to the real-time market, we understand the CAISO protects the outcome of the schedules awarded in the day-ahead market as inputs into the real-time market so as to ensure that cleared day-ahead schedules are honored and treated as ”firm” in the real-time. We believe as a part of the clarity on the prioritization, CAISO needs to discuss the priority level of day ahead exports, and if sales DA should be treated as a super-firm product with reserves or whether for RA resources internal load should have a higher priority for RA resources.

**CAISO’s response:** The request by PG&E is not related to this BPM change since this change does not impact the scheduling priorities. In the workshop held by ISO about penalty prices, CAISO provided detailed explanations and examples of how the different priorities work and how this BPM change effectuates in real-time market. PG&E is suggested to refer to this material regarding the request for explanations about the day-ahead priority.

1. We request CAISO include further information or an additional analysis of how this BPM change would have functioned during the August heat wave.

**CAISO’s response:** The CAISO is not doing any counterfactual assessment of how solutions would have worked prior to this change since it is not feasible to assess how this change would have induced different bidding behavior which consequently can lead to a different solution.

Would any load under scheduling issues have been addressed by this RUC change?

**CAISO’s response:** No, under-scheduling is driven by the bidding quantities by load serving entities, which are inputs to the market. This BPM change impacts the market solution.

Given these changes, are restrictions against allowing convergence bidders in the market during these high loads still needed?

**CAISO’s response:** With this change and the summer readiness initiative in place, CAISO does not foresee a need to suspend convergence bids.

1. CAISO identifies over 4,000 MW of this non/RA energy including hydro, solar, imports, and gas that we believe was likely under contract by California LSE’s but was not fully shown as RA to the CAISO or had its counting derated for RA purposes. [↑](#footnote-ref-2)