

Comments on the CRR Auction Analysis Report
Department of Market Monitoring
December 7, 2017

The California ISO Department of Market Monitoring (DMM) appreciates the opportunity to comment on the ISO's *CRR Auction Analysis Report* (report).¹

The CRR auction report confirms that ratepayers consistently lose money in the auction. The report also shows most of the profits go to CRRs that are not consistent with hedging energy supplier basis risks.²

The report states: "One of the premises of having a robust CRR market is that there is a high degree of constancy..." between the CRR transmission model and day-ahead market transmission model. The report finds the actual operations of the CRR auction "...diminish that fundamental premise." The report also notes "...an inherent complication to align the CRR auctions with the day-ahead market." The complications mean the ISO cannot, even under the best of circumstances, achieve the high degree of constancy between the CRR auction and day-ahead market transmission models which the ISO acknowledges is a premise of having a robust CRR market.³

In comments due January 4, 2018 on the December 19, 2017 Working Group meeting, DMM plans to submit more detailed comments on the ISO's CRR auction report.

¹ *CRR Auction Analysis Report*, November 21, 2017:
<http://www.caiso.com/Documents/CRR Auction Analysis Report.pdf>.

² See pp. 49 and 55 of the report.

³ See pp. 202-203 of the report.