



651 Commerce Drive
Roseville, CA 95678

phone (916) 781-3636
fax (916) 783-7693
web www.ncpa.com

Comments of Northern California Power Agency

Congestion Revenue Rights Auction Efficiency Track 1B Draft Final Proposal Addendum

June 7, 2018

Northern California Power Agency (“NCPA”) appreciates the opportunity to provide the following comments on CAISO’s Congestion Revenue Rights Auction Efficiency Track 1B Draft Final Proposal Addendum, published May 25, 2018.

NCPA participates in the annual and monthly CRR processes on behalf of a subset of its load-serving entity members. Through participation in the allocation and auction processes, NCPA is able to provide those members with an effective hedge against the congestion to which they are exposed in the day-ahead market. The ability to mitigate the risk of day-ahead congestion costs is an integral part of containing costs to NCPA members’ ratepayers. Consequently, NCPA is appreciative the CAISO’s efforts to make measured and incremental changes to the current auction process, and to keep this dialog ongoing in subsequent tracks of the initiative.

Reduce congestion revenue rights payments based on effectiveness on constraints

NCPA supports the CAISO’s efforts to address CRR payment shortfalls according to principles of cost causation. By reducing payment to a CRR based on that source-sink path’s contribution to flows over a constraint is logical and equitable. Most importantly, this proposal shares the burden of CRR payment shortfalls among all categories of CRR market participants.

NCPA appreciates the refinements to the proposal based on stakeholder feedback. In particular, we support the proposal to net surpluses and shortfalls over the course of the month. NCPA is also supportive of the change made in the Addendum such that shortfalls not be allocated to CRRs in the counter-flow direction. Again, this is aligned with cost causation, and thus an improvement in the efficiency of the CRR market.

Thank you for your consideration of these comments.