Portland General Electric Comments
CAISO LMPM Enhancements 2018 Straw Proposal

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Portland General Electric Company ("PGE") appreciates the opportunity to provide comments on the California Independent System Operator's ("ISO") Local Market Power Mitigation ("LMPM") Enhancements 2018 Straw Proposal. PGE looks forward to the October 10th workshop where stakeholders can work through the complexities inherent in the subjects covered by the straw proposal. The remainder of these comments identify subjects PGE believes will benefit from detailed discussion in a workshop setting.

Mitigation Framework Enhancements:

PGE supports the ISO proposal(s) to modify the way the market uses the competitive locational marginal price in its market power mitigation runs. Specifically, PGE supports the ISO's proposals on page 15 of its presentation shared at the September 19, 2018 web conference. In its presentation the ISO proposed to eliminate:

(1) The balance of the hour mitigation rules in the fifteen-minute market.
(2) The rule that if mitigated in the fifteen-minute market, the resource is mitigated in the corresponding five-minute markets.
(3) The rule that if mitigated in the first or second five-minute interval that the remaining five-minute interval(s) in the associated fifteen-minute interval are also mitigated.

PGE believes the ISO proposal to freeze the export schedules between EIM entities in order to prevent economic displacement between mitigated balancing authority areas warrants additional discussion and examination. PGE encourages the ISO to dedicate a meaningful allotment of time at the October 10th workshop to this portion of its proposal.

PGE continues to support changes to the market power mitigation framework so long as the changes do not distort the day-to-day functioning of the ISO market or result in price formation fundamentals that disproportionately benefit one type of market participant, or class of participating resources, versus another. Based on the examples and discussion to-date, it is not clear that ISO's proposal is consistent with PGE's framework. For example, in the September 19, 2018 web conference, the Department of Market Monitoring identified the potential for this proposal to conflict with prior analyses in support of market-based rate authority for market participants.

Default Energy Bids:

If the ISO continues to propose a fourth DEB option, PGE believes it should not be limited to hydro resources given that the optionality provided by an ability to store fuel is not limited to hydro resources.

PGE appreciates the ISO's proposal put forth in the straw proposal and encourages the ISO to continue to evaluate interactions between a resource's default energy bid and its proposal to freeze export schedules.

The ISO's Example D (specifically page 27) presented on the September 18, 2018 web conference call is a useful starting point for evaluating the interactions under different DEB scenarios. Based on the discussions to-date, it is not clear to PGE if the current proposal is robust under all Bid/DEB scenarios. For example, PGE recommends the following scenarios (or something similar) be considered during the October 10th workshop:

1. What would be the outcome of Example D if Generator C's DEB was $200, and the export schedule was frozen?

2. Put more generally, what are the interactions of the ISO's proposals when DEBs are greater than Bids. In each of the examples put forward on September 18th, the DEBs were equal to or less than the Bids?

3. The ISO's examples focused on a single BAA importing, or two or more EIM BAAs becoming import constrained and triggering bubble mitigation. What are the interactions in a case where two or more EIM BAAs are importing but only one BAA becomes import constrained? If there is transfer capability between the two EIM BAAs, are export schedules frozen in the market power mitigation run?

PGE looks forward to discussing this type of evaluation in more depth at the October 10th workshop.