

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

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)	ER09-556-000
California Independent System Operator)	Docket Nos. ER08-367-003
Corporation)	ER06-615-039
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COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY ON
THE CAISO’S REVISIONS TO THE MRTU TARIFF IN COMPLIANCE
WITH THE COMMISSION’S DECEMBER 4, 2008 ORDER

Pursuant to Rule 212 of the Rules of Practice and Procedure, 18 C.F.R. §385.212 (2008), of the Federal Energy Regulatory Commission (“FERC” or the “Commission”) and the Notice Shortening Answer Period dated March 11, 2009, Southern California Edison Company (“SCE”) hereby submits its comments on the California Independent System Operator’s (“CAISO”) proposed MRTU Tariff revisions in compliance with the Commission’s December 4, 2008 Order (“CAISO Filing”).

I. INTRODUCTION

SCE strongly supports the CAISO’s January 15th tariff filing in which it proposed to implement in sections 35.5(10), 34.15.1(c), and 34.15.5 a simplified approach to the treatment of ramp rates utilized by the Market Redesign and Technology Upgrade (“MRTU”) software for the purpose of co-optimizing Energy scheduling and Ancillary Services procurement over multiple market intervals. Furthermore, SCE supports the CAISO’s approach to utilize a pair of constraints to allow for the “sharing” of a resource’s ramping capability between inter-Energy schedule changes and Ancillary Service awards. SCE appreciates the extremely hard work

CAISO staff has performed to get MRTU to the point it is at today, but SCE is very concerned that the CAISO can not make these necessary changes in time for MRTU go-live. Given the results seen in the Midwest Independent System Operator (“MISO”),¹ SCE requests that the Commission be prepared to implement temporary measures to protect market participants from artificial scarcity conditions until CAISO can implement its ramp sharing proposal.

II. COMMENTS

Modeling ramp rate constraints correctly is an important element of the MRTU market design which enables the CAISO markets to produce feasible inter-interval schedule changes and dispatch instructions for both Energy and Ancillary Services. As was seen during market simulation of the MISO Ancillary Services Market, failure to allow for ramp sharing between Energy and Ancillary Services resulted in observations of Regulation market clearing price volatility in dispatch intervals where Regulation scarcity pricing has been triggered, even when the underlying system conditions did not constitute actual scarcity conditions.

To avoid instances or artificial scarcity conditions for Regulation and Operating Reserve services, the CAISO introduced on February 11, 2009 an approach similar to what was done in the MISO to allow sharing of ramp between Energy and Ancillary Services.² SCE formally submitted comments to the CAISO, dated February 13, 2009, in full support of the CAISO proposal to implement ramp sharing in MRTU and to implement ramp sharing concurrently with the start of MRTU.³ Subsequently, on February 13th the CAISO published a paper titled Market Parameter Settings for MRTU Market Launch⁴ which included the same ramp sharing approach

¹ Order Authorizing Midwest ISO Ancillary Services Market Start-Up, 125 FERC ¶ 61,318 (Dec. 18, 2008).

² CAISO Whitepaper on Supplemental Discussion of MRTU Market Parameters, p. 2,
<http://www.caiso.com/2351/2351f3c016020.pdf>.

³ SCE Comments of CAISO paper on Supplementary Discussion of MRTU Market Parameters,
<http://www.caiso.com/2354/2354ae2866050.pdf>.

⁴ <http://www.caiso.com/2354/2354107423420.pdf>.

described in the February 11th paper and indicated that ramp sharing would be in place for the start of MRTU.⁵

The CAISO admission in its March 6, 2009 FERC filing that it will not be able to implement ramp sharing concurrently with the start of MRTU is very concerning to SCE, especially considering that, less than one month ago, the CAISO informed all stakeholders that ramp sharing would be included in launch of MRTU.⁶ The potential for the creation of artificial scarcity conditions in energy markets that co-optimize energy and ancillary services is very real, and in the case of the MISO, caused a six-month delay in the roll-out of the Ancillary Service Market.

While SCE is not recommending that the CAISO delay its launch of MRTU to address ramp sharing,⁷ we are requesting, based on the experiences of the MISO, that the Commission be prepared to implement temporary mitigation measures of Ancillary Service bids if artificial scarcity conditions present themselves in the interim time period between MRTU market launch and the date CAISO implements its ramp sharing proposal.

III. CONCLUSION

For the foregoing reasons, SCE requests that the Commission to direct the CAISO to implement the concept of ramp sharing as soon as practical, and be prepared to take action to implement temporary mitigation on Ancillary Service bids if the inability of the MRTU software to share ramp between energy and Ancillary Services creates artificial scarcity conditions.

⁵ CAISO Paper on Market Parameter Settings for MRTU Market Launch, p.9, <http://www.aiso.com/2354/2354107423420.pdf>.

⁶ In the previously-referenced CAISO paper on Market Parameter Settings for MRTU Market Launch, the CAISO states on page 2 that: “In the FERC filing the ISO committed to finalize and post for market participants the start-up parameter values that it would implement in the MRTU market software by 45 days prior to market launch. In anticipation of market launch of March 31, the present document contains those start-up parameter values.”

⁷ SCE’s position is based on statements made by CAISO Staff that it did not observe in MRTU market simulation artificial scarcity pricing conditions being created by failing to share ramp between Energy and Ancillary Services.

Respectfully submitted,

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Dated: [March 13, 2009](#)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing **COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY ON THE CAISO'S REVISIONS TO THE MRTU TARIFF IN COMPLIANCE WITH THE COMMISSION'S DECEMBER 4, 2008 ORDER** upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Rosemead, California, this 13th day of March, 2009.

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