



2018 Final Policy Initiatives Catalog and Draft Roadmap
Public Generating Pool Comments
January 4, 2018

Public Generating Pool (PGP) appreciates the opportunity to comment on the California ISO's 2018 Draft Policy Initiatives Roadmap and 2018 Final Policy Initiatives Catalog. PGP represents ten consumer-owned utilities in Oregon and Washington that own more than 6,000 MW of generation, over 4,500 MW of which is hydro and 96% of which is carbon-free. Three of the PGP members operate their own Balancing Authority Area (BAA), while six of the members have service territories within the Bonneville Power Administration's (BPA) BAA and one member is in the Avista BAA. PGP offers comments on four initiatives: (1) EIM Default Energy Bids Option, (2) Day-Ahead Flexible Reserve Product, (3) Flexible Resource Adequacy Criteria and Must Offer Obligation Phase 2 (FRACMOO2) and (4) Extension of the Day-Ahead Markets to EIM Entities, along with comments on the timeline and roadmap process.

Prioritize EIM Default Energy Bids Option

PGP reiterates its supports for exploring alternatives to calculating Default Energy Bids (DEBs). This initiative was requested to be prioritized in 2018 by numerous stakeholders. Developing an additional DEB calculation method is critical for EIM participation of additional hydro-electric generating resources that are outside the state of California. PGP requests the ISO reconsider the priority of this initiative and add it to the 2018 Stakeholder Initiatives Roadmap.

Maintain priority of Day-Ahead Flexible Reserve Product and FRACMOO2

PGP reiterates its support for prioritizing the Day-Ahead Flexible Reserve Product and FRACMOO2 initiatives in 2018. Given the potential reliability implications and the growing flexibility needs of the system, timely action is required to address the need for access to appropriate flexible capacity. These initiatives help ensure market design that send sufficient price signals to incent the resource characteristics needed to cost-effectively and reliably meet the needs of the system. They are also critical initiatives in allowing external resources to contribute to the flexibility solution.

Start Extension of Day-Ahead Market to EIM Entities initiative with proposed scope

The Extension of the Day-Ahead Market to EIM Entities initiative was a significant addition to the 2018 Final Policy Initiatives Catalog and was given high priority in the 2018 Draft Policy Initiatives Roadmap. PGP appreciates the fact that the Extension of the Day-Ahead Markets to EIM Entities initiative is now part of a public process. However, an initiative of this magnitude, in terms of implementation effort and impacts to stakeholders, should have been brought forward in the 2018 Draft Policy Initiatives Catalog, which would have provided stakeholders the opportunity to ask clarifying questions regarding scope, process and timeline.

PGP requests the ISO start the stakeholder process on the Extension of the Day-Ahead Market to EIM Entities initiative with an issue paper describing the purpose and proposed scope for the initiative and allow for stakeholder comment on the scope of the initiative.

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Extend timelines to assure adequate stakeholder input and implementation

Day-Ahead Market enhancements, extending the Day-ahead Market to EIM Entities, and the FRACMOO2 initiatives all require substantial implementation effort and have significant impact on stakeholders. Additionally, CAISO has recently announced its plan to become its own Reliability Coordinator and offer those services to other balancing authorities and transmission operators by September 2019.

PGP finds the timeline for these initiatives to be very aggressive and is concerned about the impact and unintended consequences implementing these initiatives on such a constricted schedule will have. Given the amount of time already dedicated to the FRACMOO2 effort and the need to align with the California PUC process, PGP recommends prioritizing resources and timing for this initiative. PGP recommends extending the timelines associated with the Day-Ahead Market enhancements to assure adequate stakeholder input and a more realistic timeline for completion.

Provide regular updates to the Roadmap as priorities change

PGP recommends the ISO post a revised version of the roadmap when priorities and resource commitments change and provide insight into the ISO's thinking on those changes in public forums. The ISO and stakeholders invest significant time and effort engaging in the ISO's annual policy initiatives catalog and roadmap process. However, there seems to be a disconnect between the catalog and roadmap process and the initiatives that end up getting prioritized and staffed. ISO prioritization of issues and resource commitments, along with how those priorities and resource commitments change over the year is unclear to PGP. For example, the ISO ranked Real-Time Market Enhancements as the highest priority issue for 2017 in its roadmap dated March 3, 2017¹, yet the Real-Time Market Enhancements initiative never got started in 2017 and is now deferred to 2019 without much explanation from the ISO.

PGP understands that priorities and resource commitments change given new information. However, there is currently little transparency around how and when the ISO makes those changes. We recognize that the ISO provides policy updates to the EIM Governing Body and the ISO Board of Governors, but, from PGP's perspective, those updates are on an issue by issue basis rather than a comprehensive update of the workplan. PGP suggests that while the ISO develops the roadmap with stakeholder input once annually, the ISO provide regular updates to the roadmap throughout the year. PGP does not necessarily believe a stakeholder process needs to be held each time an update is made to the roadmap, but PGP believes that for the roadmap to be meaningful, it needs to be a living document. It would be helpful for the ISO to post revisions to the roadmap when priorities and resource commitments change and discuss those changes in public forums.

¹ http://www.caiso.com/Documents/Final_2017PolicyInitiativesRoadmap.pdf

Public Generating Pool

Chelan County PUD / Clark Public Utilities / Cowlitz County PUD / Eugene Water & Electric Board / Grant County PUD
Klickitat County PUD / Lewis County PUD / Pend Oreille County PUD / Snohomish County PUD / Tacoma Power