

**Stakeholder Comments Template
Day-Ahead Market Enhancements Initiative**

This template has been created for submission of comments on proposed market design options discussed with stakeholders during the August 13, 2019 Day-Ahead Market Enhancements working group meeting. Information related to this initiative is available on the initiative webpage at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/Day-AheadMarketEnhancements.aspx>.

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on August 27, 2019.

Submitted by	Organization	Date Submitted
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Please provide comments on the preferred market structures that were discussed during the August 13, 2019 working group meeting. Include the pros and cons for each option.

- At this time, does your organization support moving forward with **Option 1: Financial**, **Option 2: Financial + Forecast**, or **undecided**. Provide supportive comments (in favor of, or in opposition to) below.

<p><u>Option 1:</u></p> <p><input type="checkbox"/> Support</p> <p><input type="checkbox"/> Support with caveats</p> <p><input checked="" type="checkbox"/> Oppose</p> <p><input type="checkbox"/> Undecided</p>	<p><u>Option 2:</u></p> <p><input type="checkbox"/> Support</p> <p><input checked="" type="checkbox"/> Support with caveats</p> <p><input type="checkbox"/> Oppose</p> <p><input type="checkbox"/> Undecided</p>
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Option 1: Financial

- Co-optimizes bid-in demand, ancillary services and imbalance reserves
- Imbalance reserves cover historical uncertainty between IFM cleared net load and FMM net load
- Exceptional dispatch if IFM clears inconsistent with operational needs

While Tacoma Power appreciates CAISO including Option 1 for the purposes of framing issues and presenting stakeholders with alternatives to consider, Tacoma Power believes that Option 1 is not a desirable approach. It misses an opportunity to achieve a co-optimized IFM solution of physical energy, capacity, and flexibility for the CAISO's actual operational needs. Also its systematic reliance on exceptional dispatch seems inconsistent with the intent of this procurement tool and risks distortion to the market. Tacoma Power encourages CAISO to pursue an alternative to this market design that would limit the use of exceptional dispatch on average over the long-run.

Option 2: Financial + Forecast

- Co-optimizes bid-in demand, ISO reliability capacity, ancillary services and imbalance reserves
- Imbalance reserves cover historical uncertainty between ISO's day-ahead net load forecast and FMM net load
- Reliability capacity covers differences between ISO net load and cleared net load
- Exceptional dispatch if IFM/RUC clears inconsistent with operational needs

Tacoma Power applauds CAISO for its Option 2 proposal. Tacoma Power believes that this market design makes meaningful progress toward meeting the CAISO's actual operational needs with a co-optimized IFM procurement of physical energy, capacity and flexibility. We encourage CAISO to keep Option 2 in the Day-Ahead Market Enhancements stakeholder process and to be open to stakeholder comments that provide further enhancements to the proposal. However, Tacoma Power does not have any specific requests for modifications at this time. We are still in the process of developing our understanding of the possible issues associated with Option 2. CAISO's August 13th workshop was very helpful in this regard.

Tacoma Power is a member of the Public Generating Pool (PGP) and has been actively involved with the organization as PGP developed comments for this process. Tacoma Power strongly supports the perspective provided by PGP.

Please offer any other feedback your organization would like to provide on presentation materials and discussion for August 13, 2019 Day-Ahead Market Enhancements stakeholder working group meeting.

Tacoma Power appreciates CAISO's presentation and discussion of Options 1 and 2. We look forward to future sessions of the Day-Ahead Market Enhancements process.