



Stakeholder Comments Template

Day-Ahead Market Enhancements Phase 2 Initiative

This template has been created for submission of stakeholder comments on the issue paper and straw proposal that was published on February 28, 2019. The paper/proposal, Stakeholder meeting presentation, and other information related to this initiative may be found 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 March 21, 2019.

Submitted by	Organization	Date Submitted
<i>Grant McDaniel 530-300-3562</i>	<i>Wellhead Electric Company</i>	<i>4/4/2019</i>

Please provide your organization's comments on the following issues and questions.

1. Proposed Day-Ahead Market Structure

Please provide your organization's feedback on the proposed day-ahead market structure topic as described in section 3 of the proposal. Please explain your rationale and include examples if applicable.

No comments at this time beyond support for the continued development and exploration of the proposed concepts.

Please provide your organization's position on the proposed day-ahead market structure topic as described in section 3 of the proposal. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

No comments.

2. Day-Ahead Flexible Ramping Product

Please provide your organization's feedback on the Day-Ahead Flexible Ramping Product as described in section 4 of the proposal. Please explain your rationale and include examples if applicable.

No comments at this time beyond support for the continued development and exploration of the proposed concepts.

Please provide your organization's position on the Day-Ahead Flexible Ramping Product as described in section 4 of the proposal. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

No comments.

3. Re-Optimization of Ancillary Services

Please provide your organization's feedback on the re-optimization of ancillary services as described in section 5 of the proposal. Please explain your rationale and include examples if applicable.

The CAISO's proposal to re-optimize ancillary services in the real-time market would be a significant change to both the real-time market and ancillary service products. Such a change to the real-time market should not be considered within this initiative, which is focused on day-ahead market changes. Thus, Wellhead requests that the CAISO open a separate stakeholder initiative to continue this discussion.

As currently proposed, there are several aspects of the proposal to re-optimize ancillary services in real-time that have yet to be discussed with stakeholders. For example, just the proposal element of requiring spin and non-spin to be bid in at \$0 raises several questions that should be discussed:

- Does this proposal eliminate cascading between regulation up and spin/non-spin capacity?
- Does this proposal create unintended arbitrage opportunities between the day-ahead and real-time market?

Furthermore, Wellhead believes that by requiring spin and non-spinning reserves to bid in at \$0, the CAISO is proposing a cost-based market. This would no longer allow market participants to use bids to reflect relative willingness to provide various products; a \$0 bid essentially says to the market that the participant is willing to provide spinning or non-spinning reserves over any other product, which may not accurately reflect the preference of the market participant. Wellhead does not support a market design whereby it restricts the ability for market participants, absent market power, to reflect willingness to provide any product and relative willingness to provide among products.

Please provide your organization's position on the re-optimization of ancillary services as described in section 5 of the proposal. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

Wellhead opposes the CAISO's proposal as currently structured and requests that (1) a new stakeholder process be opened to consider this element and (2) the CAISO does not create a cost-based market for spinning and non-spinning reserves.

4. Energy Imbalance Market Governing Body Classification

Please provide your organization's feedback on the EIM Governing Body classification as described in section 6 of the proposal. Please explain your rationale and include examples if applicable.

No comments at this time.

Please provide your organization's position on the EIM Governing Body classification as described in section 6 of the proposal. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

No comments at this time.

APPENDIX C: DRAFT TECHNICAL DESCRIPTION

5. Assumptions and Mathematical Formulations

Please provide your organization's feedback on the assumptions and mathematical formulations included in Appendix C. Please explain your rationale and include examples if applicable.

No comments at this time.

Please provide your organization's position on the assumptions and mathematical formulations included in Appendix C. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

No comments at this time.

Additional comments

Please offer any other feedback your organization would like to provide on the Day-Ahead Market Enhancements Phase 1 initiative third revised straw proposal.

Wellhead appreciates the CAISO considering these comments.