



## Department of Energy

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### **CAISO Day Ahead Market Enhancements Stakeholder Initiative Bonneville Power Administration Comments**

<b>Submitted by</b>	<b>Company</b>	<b>Date Submitted</b>
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Bonneville Power Administration (Bonneville) appreciates the opportunity to provide California Independent System Operator (CAISO) comments on its Day Ahead Market Enhancements Revised Straw Proposal (04/11/2018). Bonneville continues to support CAISO's proposal to establish a day-ahead capacity market. Bonneville looks forward to working with CAISO on this initiative and looks forward to the next version of the proposal.

Bonneville is a federal power marketing administration within the U.S. Department of Energy that markets electric power from 31 federal hydroelectric projects and some non-federal projects in the Pacific Northwest with a nameplate capacity of 22,500 MW. Bonneville currently supplies 30 percent of the power consumed in the Northwest. Bonneville also operates 15,000 miles of high voltage transmission that interconnects most of the other transmission systems in the Northwest with Canada and California. Bonneville is obligated by statute to serve Northwest municipalities, public utility districts, cooperatives and then other regional entities prior to selling power out of the region.

Bonneville respectfully submits the following comments and requests for clarification:

#### Market Consistency

BPA encourages the CAISO to move towards bidding and scheduling consistency across the market. By way of example, BPA encourages the CAISO to explore the possibility of creating an option for sellers to submit 15-minute energy bids in the day-ahead market.

#### Export Fees

BPA seeks clarification on the application of CAISO export fees to real-time energy dispatches (resulting from an economic imbalance DEC award) that are below an IFM award, but which maintain the flow direction (import into CAISO) of the IFM award. BPA understands that the intent of the proposal is to mimic current treatment of re-bid day-ahead market awards in real-time. BPA wishes to verify that the proposal will exempt a real-time DEC award from export fees, treating the net award as a net scheduled import.

### Base schedules

Will the shift to 15-minute base schedules result in a change in the submission deadline/timing of base schedules?

### Optimization

BPA would like to understand how the CAISO will optimize and assign uncertainty costs to hourly block bids vs 15-minute bids in the proposed day-ahead imbalance reserve market.

In addition, given past experience with hourly economic block bidding in the real-time market, BPA has concerns with respect to the co-optimization of hourly economic block bids and the proposed 15-minute-cleared economic bids in the enhanced day-ahead market. In particular, BPA seeks clarification that MW associated with hourly economic block bids will be awarded if and only if the average of the four 15-minute clearing prices of the respective hour is greater than or equal to the price specified in the hourly economic block bid.

BPA supports the proposed change from historical data to probabilistic assumptions

BPA asks that the CAISO provide an overview of how the CAISO will optimize energy purchases to meet imbalance reserve product needs, ancillary services requirements and awarding energy in the day-ahead market. BPA also seeks to understand how the CAISO will reflect use of the Flexible Ramping Product in the Real Time Market when making these purchases.

### Sub-regional requirement

The sub-regional requirement is CAISO's way to ensure that it has enough fast-responding (response time less than 15 minutes) capacity in local transmission sub-regions. CAISO is proposing to use the sub-regional requirement to ensure that it has adequate 5-min ramping available in its own BAA, and for sub-regions in California. If the proposed day-ahead market is expanded to the EIM participants, CAISO will likely optimize the day-ahead energy market between EIM entities and the CAISO. BPA would like to understand how the CAISO will address the sub-regional requirements of the EIM participants based on their own methodologies.

### Demonstration of deliverability for intertie resources participating in the imbalance reserve market.

BPA recommends the CAISO consider requiring intertie bids associated with the new day-ahead imbalance reserves to be either: 1) tagged after the capacity is awarded in the day-ahead window or 2) require bidders to specify the resource upon bidding in the day-ahead window. Assurance of deliverability should be quid pro quo with the CAISO's provision of a capacity payment to awardees. Further, if the CAISO is using the day ahead imbalance reserve awards to meet its own Resource Sufficiency or Resource Adequacy requirements, there could be reliability implications if tagging or resource identification is delayed until real-time, delivered on non-firm transmission or supplied by real-time market purchases (which may or may not have a BAA backing them). Additionally, there are operational advantages for the source and sink BAAs and path operator when transactions are tagged in the day-ahead window; BAAs will have greater certainty and visibility of available transmission.

### Decisional role of the EIM Governing Body

BPA supports the re-classification of this initiative to hybrid non-EIM specific given its proposed changes to EIM-specific rules of the real time market.