



Stakeholder Comments Template

Day-Ahead Market Enhancements Phase 1 Initiative

Submitted by	Organization	Date Submitted
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Please provide your organization’s overall position on the DAME straw proposal:

- Support
- Support w/ caveats
- Oppose
- Oppose w/ caveats
- No position

The Eugene Water & Electric Board (EWEB) appreciates the opportunity to provide comment and perspective on the Day-Ahead Market Enhancement Phase 1 Initiative. EWEB is the largest publicly-owned electric and water utility in Oregon, and is located within the Bonneville Power Administration (BPA) Balancing Area Authority (BAA). In addition to purchasing roughly 70% of our preference power from BPA, EWEB owns four hydroelectric projects in addition to a portfolio of owned, co-owned, and contracted-for resources. Finally, EWEB is a member of both the Public Generating Pool (PGP) and Public Power Council (PPC) and supports their comments on each of the straw proposal topics.

Please provide written comments on each of the straw proposal topics listed below:

EWEB has a strong interest in the Day-Ahead Market Enhancements initiative, and firmly supports the changes proposed in CAISO’s Day-Ahead Market Enhancements Straw Proposal dated February 7, 2020. We believe these enhancements are necessary to ensure grid reliability, provide efficient market solutions, and extend CAISO’s Day-Ahead Market beyond its own BAA.

For the past several years, CAISO has increasingly relied on various types of operator-initiated sequential and/or out-of-market actions (i.e. exceptional dispatch, load biasing, etc.) to maintain grid reliability. These out-of-market-actions have grown significantly in frequency and magnitude, especially in the summer months when the CAISO experiences its highest load and ramping needs. Regular utilization and reliance on what should be exceptional and

uncommon out-of-market actions results in market inefficiencies, distorted market price signals, and inequitable compensation for physical capacity procured through the market that provide the same service as those resources procured outside the market.

An integrated IFM-RUC day-ahead market solution co-optimizes all of the products needed to maintain reliable operations with the most cost-effective resources. It allows the CAISO to take into account the real costs of meeting the load forecast and net load uncertainty needs and make the appropriate tradeoffs between the different resource types. This co-optimized solution ensures sufficient physical resources are committed in the day-ahead timeframe to meet real-time needs with a high degree of confidence while also ensuring appropriate compensation for the different attributes provided by each resource type.

1. New day-ahead market products, including reliability energy, reliability capacity, and imbalance reserves.

EWEB strongly supports the development of the proposed new day-ahead market products - reliability energy, reliability capacity, and imbalance reserves. The proposed design ensures sufficient physical capacity, which represents a significant improvement over the status quo "financial" market.

EWEB also supports replacement of the existing RUC process, instead enabling the integration of the IFM and RUC into a single market optimization and allowing the day-ahead market to efficiently co-optimize all products and services needed to meet reliability.

2. Settlement and cost allocations.

EWEB believes it is important to differentiate between physical and virtual supply. It is appropriate to compensate physical supply for both its energy schedule and its reliability energy schedule, as it does not require the subsequent procurement of reliability capacity.

3. Bidding rules and offer obligations.

EWEB supports the bidding rules and offer obligations as proposed, including the requirement that Resource Adequacy resources have a must-offer obligation in the day-ahead market, and the same real-time must offer obligation as any other resource based upon day-ahead market awards.

4. Scheduling rules for variable energy resources.

No comments.

5. Deliverability approach for reliability capacity and imbalance reserves.

EWEB supports CAISO's proposal to ensure deliverability of imbalance reserves at a nodal level.

However, EWEB also supports the alternative of zonal procurement if necessary.

6. Approach for congestion revenue rights.

No comments.

7. Approach for local market power mitigation.

As CAISO considers methods for calculating default capacity bids for different resource types, EWEB requests that CAISO draw upon the work that was done with hydro owners as part of CAISO's Local Market Power Mitigation 2018 initiative. As part of that initiative, EWEB and other hydro owners noted the importance of having the calculation for default energy bids account for the complexities of hydropower operations and planning and the opportunity costs associated with their energy use limitations. The unique circumstances and characteristics of distinct resources should be incorporated in the calculation of default capacity bids.

8. Regression approach to determine the imbalance reserve requirement.

EWEB supports the regression approach for setting the imbalance reserve requirement and recommends CAISO also establish a process to regularly evaluate the performance of its imbalance reserve requirement calculations to ensure it is producing the intended results.

9. Additional comments:

None.