

**COMMENTS OF IDAHO POWER COMPANY
ON CAISO'S DAY-AHEAD MARKET ENHANCEMENTS PHASE 1:
15-MINUTE SCHEDULING GRANULARITY
SECOND REVISED STRAW PROPOSAL**

Submitted By	Company	Date Submitted
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Idaho Power Company (“Idaho Power”) appreciates the opportunity to comment on the California Independent System Operator’s (“CAISO”) 15-Minute Scheduling Granularity Second Revised Straw Proposal (“Proposal”), part of the Day-Ahead Market Enhancements initiative.

Idaho Power supports the Proposal’s Energy Imbalance Market (“EIM”)-related changes. In particular, Idaho Power supports modifying the flexible ramping test to limit transfer freezes due to failures to the 15-minute interval in which the failure occurred, and supports implementing this change as soon as possible.

The Proposal does not discuss a threshold around flexible ramping test results. However, in the September 4, 2018, stakeholder meeting, CAISO indicated that it will implement a threshold under which an EIM Entity would pass the test if its results were within one percent of its requirement.¹ Idaho Power strongly supports a threshold and appreciates CAISO’s willingness to implement one. However, the proposed threshold of

¹ This change will be implemented through the Business Practice Manual. See CAISO’s 15-Minute Day-Ahead Scheduling Granularity Second Revised Straw Proposal Presentation, p. 24 (Sept. 4, 2018), available at <http://www.caiso.com/Documents/Presentation-Day-AheadMarketEnhancementsFifteen-MinuteGranularity-Sep42018.pdf>.

one percent of the requirement is inadequate. As Idaho Power has stated previously, the test was never meant to penalize de minimis failures. The inputs to the tests—estimates of variability on the system—are not nearly that precise.² A threshold of one percent of the entity’s requirement is still overly precise. An entity with a requirement of 150 MW could fail the test by 2 MW and have its transfers frozen for that interval. The uncertainty embedded in the inputs to the tests could result in overstating—or understating—the flexible ramping requirement by more than one percent.

In the September 4, 2018 stakeholder meeting, CAISO staff described the one percent proposal as consistent with the one percent threshold in the balancing test for under- and over-scheduling penalties. An EIM Entity that uses the CAISO load forecast but does not schedule resources within one percent of its forecasted demand will be subject to penalties if its actual load is five percent more or less than its load base schedule.³ That is, to be penalized, an EIM Entity must fail to schedule resources within one percent of its load AND its actual load must be five percent more or less than its load base schedule. Thus, the under- and over-scheduling penalties are not strictly based on a threshold of one percent of load, and effectively have an additional threshold built in.

Idaho Power recommends that the flexible ramp threshold be set at five percent of the requirement, or 10 MW, whichever is lower. This threshold would better reflect the

² See, e.g., Comments of Idaho Power Company on CAISO’s July 19, 2018 EIM Offer Rules Workshop (Aug. 2, 2018), available at <http://www.caiso.com/Documents/IPCCComments-EIMOfferRulesTechnicalWorkshop-Jul19-2018.pdf>.

³ CAISO’s Business Practice Manual for the Energy Imbalance Market, section 11.3.2, p. 49 (version 11, Sept. 4, 2018).

uncertainty in the inputs, would remove the “noise” from the results, and would avoid penalties for de minimis failures.

Idaho Power supports the EIM Governing Body categorization of this initiative as hybrid non-EIM specific. As described on page 23 of the Proposal, CAISO would ask the EIM Governing Body to approve the EIM-specific components of the proposal—the 15-minute base schedule submissions and the settlement of regulation energy—before the proposal goes to the CAISO Board.⁴ The EIM Governing Body would have the option of providing an advisory opinion to the CAISO Board on the other elements of the proposal. It is critical that the EIM Governing Body have the opportunity to weigh in on proposals that impact the EIM.

Idaho Power thanks CAISO for the opportunity to comment and looks forward to continued collaboration on these and other issues.

⁴ CAISO’s Day-Ahead Market Enhancements Phase 1: Fifteen-Minute Granularity, Second Revised Straw Proposal, p. 22-23 (Aug. 27, 2018) *available at* <http://www.caiso.com/Documents/SecondRevisedStrawProposal-Day-AheadMarketEnhancementsPhase1-Fifteen-MinuteGranularity.pdf>.