



**COMMENTS OF NV ENERGY
DAY-AHEAD MARKET ENHANCEMENTS
PHASE 2 ISSUE AND STRAW PROPOSAL
DATED FEBRUARY 28, 2019
CAISO STAKEHOLDER PROCESS**

April 4, 2019

NV Energy appreciates the opportunity to comment on the CAISO's Straw Proposal for the Day-Ahead Market Enhancements Phase 2. NV Energy questions the timing of this initiative and its relationship to a potential extension of the Day-Ahead Market to the EIM Entities (EDAM). If this initiative is to address current conditions for California, the CAISO should specifically note this is the case. If, however, this proposal is to be an essential component of EDAM, why is the CAISO proceeding now, without a more comprehensive view of the potential EDAM structure and any required resource sufficiency test?

For example, in the issue and straw proposal paper CAISO has stated:

“The real-time market must also manage the uncertainty that occurs between the day-ahead and real-time markets by dispatching resources economically, based on supply bids and load forecasts. To ensure sufficient real-time supply bids, the CAISO proposes to add a day-ahead flexible ramping product to compensate resources that would have a must-offer obligation to bid into the real-time market.”¹

NV Energy maintains that the purpose of a real-time market, 15-minute market and 5-minute market, is to handle this level of uncertainty. Also, the short term unit commitment (STUC) runs 4.5 hours before the operating hour providing sufficient time to start resources to meet these forecast uncertainties. CAISO has not provided sufficient data that illustrates that the real-time market and its STUC optimization run is not equipped to handle this uncertainty. Procuring resources day-ahead to manage uncertainty in this manner may greatly increase the amount of day-ahead procurement in a manner that will have a pronounced effect on potential EDAM benefits.

Additionally, the purpose section in the paper does not provide stakeholders enough information to demonstrate there is a reliability issue that needs to be addressed. CAISO states that this will ensure there are enough supply bids in the real-time market. This statement implies that there are not enough real-time bids in the market to manage the uncertainty between day ahead and real-time. However, the real-time flexible ramping product is procured through a demand curve that almost always procures this product at \$0/MWh because the flexible ramp was not needed in real-time. Therefore, why should stakeholders impose a short term ramp capacity product onto customers at a *cost* when there has not been sufficient data to prove that one is needed?

NV Energy submits that this period may be best utilized by improving the current real-time flexible ramp product. NV Energy shares the concerns expressed by PacifiCorp in their



March 21, 2019 comments on the Phase 1 Day-Ahead Market proposal regarding the real-time uncertainty calculation.

In summary, NV Energy cannot support the design of a new flexible ramping product until CAISO provides sufficient data to prove one is needed at this time and how the proposal will relate to EDAM.

¹ CAISO. February 28, 2019. "Day-Ahead Market Enhancements Phase 2: Flexible Ramping Product Issue Paper/ Straw Proposal". <http://www.caiso.com/Documents/IssuePaper-StrawProposal-Day-AheadMarketEnhancementsPhase2.pdf>.