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**PacifiCorp’s Comments on the Day-Ahead Market Enhancements
August 13, 2019 Working Group Meeting**

PacifiCorp submits the following comments to the California Independent System Operator Corporation (“CAISO”) on the Day-Ahead Market Enhancements (“DAME”) working group meeting held August 13, 2019. PacifiCorp appreciates the opportunity to provide comments for the CAISO’s consideration.

General Comments

As stated in previous comments, PacifiCorp is supportive of the overall effort to improve the reliability and efficiency of the day-ahead market and better position its system to accommodate net load variability. Further, PacifiCorp supports the CAISO’s reasons for proposing a design that includes imbalance reserves in the day-ahead market. However, PacifiCorp remains concerned that the timing of these policy proposals does not allow for meaningful input from energy imbalance market (“EIM”) entities who may pursue participation in an extended day-ahead market (“EDAM”).

The CAISO clearly recognizes the need to consider interactions between the DAME, EDAM and resource adequacy (“RA”) enhancements policy developments, as evidenced in the “policy alignment” section of the slides provided on August 13, 2019. PacifiCorp is concerned that designing new day-ahead market rules without understanding how they will apply to a potential EDAM construct is premature. For example, the CAISO made mention of EDAM resource sufficiency tests, failure consequences, etc., however, none of these market constructs have yet been discussed or designed in a stakeholder process. PacifiCorp understands that the CAISO is in need of day-ahead flexible reserves, and is supportive of this effort, however, there is a concern that the timing of this effort may not coincide well with a potential EDAM process.

Market Design Options

The CAISO has proposed two new options for day-ahead market formulations: Financial Option 1 and Financial + Forecast Option 2. While PacifiCorp is not in a position to understand how each of the proposed options may affect an EDAM, PacifiCorp is opposed to Financial Option 1 and would support with caveats Financial + Forecast Option 2.

PacifiCorp disagrees with the CAISO’s characterization of the integrated forward market (“IFM”) as a day-ahead “financial” position to serve load. For PacifiCorp, the day-ahead market is a physical market that is needed to reliably set-up and serve customers in real-time. Scheduling physical resources to serve load is also consistent with the current reliability coordinator requirements for each balancing area to submit information showing how load will be reliably



served on a day-ahead basis. The characterization of the day-ahead market as a financial market gives the impression that scheduled reliable physical supply is not a requirement.

To be clear, PacifiCorp is very supportive of the CAISO including upward and downward imbalance “uncertainty” reserves in the day-ahead market. Consistent with PacifiCorp’s previous comments in this stakeholder process, uncertainty requirements have been part of PacifiCorp’s day-ahead setup process for many years. PacifiCorp added over 1,000 megawatts of wind in 2008, and it was at that point necessary to plan for regulating reserves on a day-ahead basis due to the overall level of uncertainty on the system relative to PacifiCorp’s total load. PacifiCorp agrees with the CAISO’s assertion that imbalance reserves are needed on a day-ahead basis and it is likely more cost effective and efficient to manage its fleet of resources in this manner versus current mechanisms, such as the load bias and exceptional dispatch.

PacifiCorp does not feel it is currently in a position to comment on many of the details in Option 2, such as the contemplated different price options for the imbalance reserves and reliability capacity because there may be an EDAM stakeholder process in the future wherein these choices would affect PacifiCorp in a manner that is not currently known.

PacifiCorp appreciates the CAISO’s consideration of these comments and looks forward to further dialog.