

Portland General Electric Comments
CAISO Day-Ahead Market Enhancements Issue Paper and Straw Proposal

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Portland General Electric Company (“PGE”) appreciates the opportunity to provide comments on the California Independent System Operator’s (“ISO”) Day-Ahead Market Enhancements (“DAM-E”) Issue Paper and Straw Proposal.

In addition to reiterating previous comments and requests for additional information or analysis¹, PGE offers the following comments based on the presentation and discussion at the stakeholder meeting held April 18, 2018.

- PGE appreciates the ISO’s efforts to explain the corresponding proposed changes in this day-ahead market focused initiative that will impact the existing real-time EIM. Notwithstanding its prior request for analysis around the cost/benefit of moving to 15-minute scheduling, PGE supports the ISO’s proposal to transition the EIM base-scheduling process and existing Resource Sufficiency test to a 15-minute basis. PGE also supports the process changes related to settlement of regulation up and regulation down energy, and appreciates the ISO’s effort to batch this enhancement with the DAM-E initiative to facilitate near-term implementation.
- PGE supports the development of reliability-focused requirements related to the deliverability and “firmness” of the Imbalance Reserve Product awards. At this time, PGE believes it is reasonable for the ISO to require a forward showing of physical supply contracts and a firm transmission path to the ISO’s interties for external resources supporting an Imbalance Reserve award. PGE is open to discussing whether this should be required within a certain number of hours following the day-ahead market settling, or a certain number of hours prior to the corresponding operating hour(s) for the reward. PGE believes it is reasonable to expect that some level of resource and/or transmission substitution be allowed prior to the real-time market run, and for aggregated system resources to provide the resource backing for the award, so long as a firm commitment to physically deliver is upheld.
- PGE understands the ISO has presented the DAM-E initiative as a precursor to the upcoming Extend Day-Ahead Market to EIM (“E-DAM”) initiative, and appreciates the ISO’s recommendation for stakeholders who expect to be involved in the development of the E-DAM model to engage in the design process of the DAM-E. However, PGE is concerned that there may be limited ability or standing for E-DAM stakeholders to influence market-design enhancements that may or may not apply to them and may or may not fall within the same governing body oversight classifications in the future. For example, the Methodology Options being considered by the ISO for the Imbalance Reserve Product may or may not be appropriate for the E-DAM, even if they are workable for the ISO’s existing and enhanced day-ahead market operated within its own balancing authority area. Similarly, certain market design, pricing, and penalty considerations for the DAM-E, which would presumably fall under the primary authority of the ISO Governing Body, may need to be reconsidered for the E-DAM under the primary authority of an augmented EIM Governing Body. PGE understands the sequencing difficulty presented by the

¹ <http://www.caiso.com/Documents/PGEComments-DayAheadMarketEnhancements-IssuePaper-StrawProposal.pdf>

timelines of these two initiatives and simply requests that the ISO remain flexible to unique stakeholder considerations that may arise in the context of the E-DAM even if not raised during the DAM-E process.

- PGE understands the ISO is considering attaching a market enhancement to this DAM-E initiative that would allow for the use of a probabilistic variable energy resource forecast when establishing flexible ramp sufficiency requirements. PGE expects this enhancement would significantly improve the accuracy and predictability of the flexible ramp sufficiency test calculation by accounting for the expected directional exposure to incremental or decremental ramping events. PGE strongly supports this effort and requests the ISO consider whether this process enhancement could be implemented near-term, in advance of the DAM-E implementation timeline.

Again, PGE appreciates the opportunity to provide comments, and looks forward to working with the ISO and stakeholders to develop and implement efficient, effective solutions to the issues identified.