



Stakeholder Comments Template

Day-Ahead Market Enhancements

Submitted by	Organization	Date Submitted
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With the recent addition of Seattle City Light, PGP represents eleven consumer-owned utilities in Washington and Oregon that own almost 8,000 MW of generation, approximately 7,000 MW of which is hydro and over 97% of which is carbon free. Four of the PGP members operate their own balancing authority areas (BAAs), while the remaining members have service territories within the Bonneville Power Administration’s (BPA) BAA. As a group, PGP members also purchase over 45 percent of BPA’s preference power.

PGP is very encouraged to see movement towards an integrated IFM-RUC day-ahead market solution. PGP believes the day-ahead market enhancements can provide a great opportunity for more efficient and reliable market outcomes, ensure procurement and co-optimization of the energy, capacity, and reliability products required to meet the full range of potential real-time conditions, and appropriately compensate resources for the capacity and flexibility attributes they provide. And because the day-ahead market enhancements are also foundational to any extension of the day-ahead market to EIM Entities, it is critically important that CAISO move forward with solutions that are workable not only for the CAISO BAA, but for the broader regional market.

- At this time, does your organization support moving forward with **Option 1: Sequential Integrated Forward Market followed by an after-market Reliability and Deliverability Assessment (Sequential IFM-RDA)**, **Option 2: Integrated IFM and Residual Unit Commitment (Integrated IFM-RUC)**, or **undecided**. Provide supportive comments (in favor of, or in opposition to) below.

Please double click on check box below to select your position:

<p><u>Option 1:</u></p> <p><input type="checkbox"/> Support</p> <p><input type="checkbox"/> Support with caveats</p> <p><input checked="" type="checkbox"/> Oppose</p> <p><input type="checkbox"/> Uncdecided</p>	<p><u>Option 2:</u></p> <p><input type="checkbox"/> Support</p> <p><input checked="" type="checkbox"/> Support with caveats</p> <p><input type="checkbox"/> Oppose</p> <p><input type="checkbox"/> Uncdecided</p>
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Public Generating Pool

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Grant County PUD / Klickitat County PUD / Lewis County PUD / Seattle City Light/ Snohomish County PUD / Tacoma Power

Option 1: Sequential IFM-RDA

PGP opposes a day-ahead market design that procures energy, flexibility, and capacity in sequential processes. The sequential IFM-RDA approach fails to:

- recognize and appropriately compensate the capacity attributes of firm day-ahead energy products,
- provide proper price signals for the attributes and/or products required to meet reliability needs, and
- co-optimize capacity with other energy, flexibility, and ancillary service products, precluding the ability to make efficient tradeoffs between the various products and services.

As stated in previous comments, PGP does not believe sequencing procurement of energy, flexibility, and capacity products assures that CAISO can capture the optimal dispatch of flexible and energy resources for its system. Further, PGP does not believe this approach results in fair and efficient outcomes for all parties, nor is it an acceptable starting point for EDAM.

Option 2: Integrated IFM-RUC

PGP strongly supports an integrated IFM-RUC approach and supports CAISO's specific proposal with caveats.

PGP supports an integrated approach with a single market optimization because it:

- results in increased market efficiency by allowing the market optimization to make more efficient tradeoffs between capacity, flexibility, and energy;
- includes all market activity contributing to meeting demand in the market clearing price, which allows for the capacity attributes of firm day-ahead energy products to be appropriately recognized and compensated; and
- introduces different shadow prices for different product types differentiating between physical and virtual supply.

Details of the formula and other proposed changes are important and merit continued in-depth discussion and collaboration with regional stakeholders. PGP believes CAISO's proposed integrated IFM-RUC proposal is a big step in the right direction and we would like to see the proposal continue to evolve. For example, we believe that more can be done to better recognize and distinguish the capacity attributes provided by firm resources versus physical resources that require procurement of additional capacity and flexibility. Differentiation between these resource attributes is essential for any exploration of a regional day-ahead organized market.

2. Please identify any specific data analysis that your organization recommends. Indicate the data request(s), the purpose of the request(s), and how the request(s) will advise the determination of the day-ahead market formulation, or will assist with determining the procurement target for the new day-ahead product.

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No comments.

3. Please offer any other feedback your organization would like to provide on presentation materials and discussion for the June 20, 2019 Day-Ahead Market Enhancements stakeholder workshop.

PGP appreciates CAISO's partnership with stakeholders on these critical issues. We find the working group sessions helpful in advancing the dialoge on key issues and providing the opportunity for different stakeholders to provide input and perspective. While further refinements are needed on the various specifics of the integrated IFM-RUC approach and development of a day-ahead flexible ramping product, we believe the integrated solution is a key element in setting the groundwork for a feasible regional day-ahead market.

DRAFT

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