



Day Ahead Market Enhancements Issue Paper/Straw Proposal

Public Generating Pool Comments

March 21, 2018

Public Generating Pool (PGP) appreciates the opportunity to comment on the California ISO's Day Ahead Market Enhancements Issue Paper and Straw Proposal. PGP represents ten consumer-owned utilities in Oregon and Washington that own almost 6,000 MW of generation, over 4,500 MW of which is hydro and 95% of which is carbon-free. Three of the PGP members operate their own Balancing Authority Area (BAA), while the remaining members have service territories within the Bonneville Power Administration's (BPA) BAA. PGP's comments are limited to the day-ahead imbalance reserves proposal.

PGP is generally supportive of the creation of day-ahead imbalance reserves to cover upward and downward forecast differences and uncertainty. PGP agrees that procurement of day-ahead imbalance reserves can provide additional certainty that sufficient real-time economic bids will be available to resolve deviations that occur between the day-ahead and real-time markets. However, PGP has concerns regarding some of the drivers that are proposed to be included in determining the imbalance reserve requirement and the potential over-reliance on day-ahead imbalance reserves as a substitute for forward procurement of flexible capacity.

Imports should be required to tag their IFM schedule

In the list of drivers of upward imbalance reserves, CAISO proposes to include imports that don't tag their IFM schedule. PGP questions why CAISO would procure additional resources and to resolve a driver of uncertainty that can be removed as a driver through simple tagging requirements. PGP recommends the ISO require imports to tag their IFM schedule instead of procuring upward imbalance reserves to resolve potential upward imbalance resulting from imports not tagging their IFM schedules.

Imbalance Reserves should complement Flexible Resource Adequacy Procurement

Several stakeholders submitted comments through CAISO's Flexible Capacity Framework initiative suggesting CAISO suspend further changes to its flexible resource adequacy program until the day-ahead market enhancements have progressed further. PGP does not believe any of the enhancements proposed in the Day Ahead Market Enhancements initiative warrants suspension of the flexible resource adequacy framework initiative.

PGP views day-ahead imbalance reserves as complementary to the flexible capacity framework proposed by the ISO rather than an alternative. Procurement of imbalance reserves allows CAISO to more efficiently set aside flexible capacity on a day-ahead basis to meet real-time flexible ramping needs using the least-cost combination of resources. Yet imbalance reserves

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cannot be solely relied upon for maintaining reliable operations as they are voluntary and may not materialize during times of greatest need. Forward procurement of flexible capacity ensures adequate supply of flexible resources are available to CAISO to dispatch in the day-ahead and real-time markets, while day-ahead imbalance reserves provide a framework for additional supply of flexible capacity in the day ahead timeframe that can be co-optimized with flexible RA resources to result in a more efficient dispatch.

PGP also does not believe the ISO's proposal to move to day ahead 15-minute scheduling warrants suspension of the flexible resource adequacy changes proposed by the ISO. PGP understands that the increased granularity resulting from day-ahead fifteen-minute scheduling can impact the quantity of 15-minute flexible resource adequacy needed. However, CAISO has stated it will update its assessment of 15-minute flexible resource adequacy need to reflect the day-ahead fifteen-minute scheduling change prior to completion of the flexible capacity framework stakeholder initiative. And once more, increased granularity does not guarantee supply of flexible capacity and therefore, cannot be relied upon.

PGP strongly urges the ISO to pursue its proposed day ahead market enhancements in parallel to the flexible capacity framework initiative. CAISO has clearly demonstrated an urgent need for additional flexible resources and PGP believes the ISO cannot rely upon day ahead imbalance reserves and increased scheduling granularity as a substitute for forward procurement of flexible capacity.

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