



Stakeholder Comments Template

Day-Ahead Market Enhancements

This template has been created for submission of comments on proposed market design options discussed with stakeholders during the June 20, 2019 Day-Ahead Market Enhancements workshop. Information related to this initiative is available on the initiative webpage at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/Day-AheadMarketEnhancements.aspx>.

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on July 11, 2019.

Submitted by	Company	Date Submitted
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Please provide comments on the proposed formulation options described below. In your comments, please explain your rationale and include examples if applicable. Also, recommend any analysis and data that your organization believes would be helpful to review on these option. Include details and explain your reasoning for the type of analysis and data that you suggest.

Seattle City Light (Seattle) is the tenth largest consumer owned electric utility in the nation, providing electrical service to more than 450,000 residential, commercial, and industrial customers in the City of Seattle, Washington and six adjacent cities. Seattle owns and operates hydroelectric resources with approximately 2,000 MW of flexible, fast-ramping capacity. We regularly transact in the bilateral wholesale energy and transmission markets. Seattle executed an Implementation Agreement with the California Independent System Operator (CAISO) and intends to begin participating in the Western Energy Imbalance Market (EIM) in April 2020.

Seattle supports CAISO's exploration of a single integrated day-ahead market design. We believe this approach will achieve the most efficient market outcomes by reducing instances where resources are compensated for capacity through side payments. In addition, Seattle supports the CAISO's development of a day-ahead flexible ramping product. We believe this product will help address CAISO's ramping needs and the uncertainty that exists between the day-ahead and real-time markets. Seattle

encourages CAISO to prioritize the development of the flexible ramping product while simultaneously continuing to explore a single integrated day-ahead market design.

1. 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:

<u>Option 1:</u>	<u>Option 2:</u>
<input type="checkbox"/> Support	<input type="checkbox"/> Support
<input type="checkbox"/> Support with caveats	<input checked="" type="checkbox"/> Support with caveats
<input checked="" type="checkbox"/> Oppose	<input type="checkbox"/> Oppose
<input type="checkbox"/> Undecided	<input type="checkbox"/> Undecided

Option 1: Sequential IFM-RDA

Please provide comments to explain your position on Option 1:

Seattle City Light opposes option one involving the sequential procurement of resources and resource characteristics (capacity, flexibility, ancillary services, etc.) as it does not promote an efficient market and also does not address one of the underlying issues in CAISO's market—a growing reliance on out of market mechanisms to meet market needs.

Additionally, a mechanism that continues to treat firm energy resources such as Northwest hydro as energy only is an unworkable solution to a future regional market such as the Extended Day Ahead Market. As such, Seattle strongly opposes option 1 as it does not appropriately compensate the characteristics Northwest hydro brings to the market, namely the ability to provide energy, capacity, and flexibility to meet demand.

Option 2: Integrated IFM-RUC

Please provide comments to explain your position on Option 2:

Seattle strongly supports Option 2 and the development of an integrated approach to the day-ahead market's design. An integrated day-ahead market that promotes market efficiencies by minimizing out-of-market actions is the best approach moving forward. Option 2 should be further explored in order to achieve the following:

- The resources being committed and dispatched to meet energy, capacity and flexibility needs in the market are compensated for the resource's specific characteristics (capacity, energy, and flexibility).
- Market design minimizes out of market actions to meet demand and uncertainty needs.

Option two has the potential to improve CAISO's day-ahead market design and could make significant progress towards a more efficient and inclusive western market. Seattle City Light is encouraged by the progress being made in this initiative and looks forward to seeing a straw proposal in the near future that incorporates and builds on an CAISO's proposed integrated approach to the day ahead market.

If you have any questions, please contact Josh Walter at 206-684-3654 or Lea Fisher at 206-386-4546.