

## Stakeholder Comments

Submitted by	Company	Date Submitted
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Seattle City Light (City Light) is the tenth largest consumer owned electric utility in the nation, providing electrical service to more than 415,000 residential, commercial, and industrial customers in the City of Seattle, Washington and six adjacent cities. City Light owns and operates resources with approximately 2,000 MW of flexible, fast-ramping, hydroelectric capacity. We regularly transact in the wholesale energy and transmission markets. City Light executed an Implementation Agreement with the California Independent System Operator (CAISO) and intends to begin participating in the Energy Imbalance Market (EIM) in April 2020.

City Light thanks CAISO for the opportunity to provide comments on the Day Ahead Market Enhancements initiative and looks forward to working with all stakeholders throughout this process.

### General Comments:

CAISO's Day Ahead Market Enhancements proposal represents an important step in the right direction for meeting CAISO's strategic vision, including: leading the transition to a low carbon grid; maintaining reliability during the energy industry's transformation; and expanding collaboration to unlock regional benefits. Seattle City Light has proudly been a carbon neutral utility since 2005 and is well suited to help meet CAISO's operational challenges with our fast-ramping and clean hydroelectric generating resources.

Seattle supports this initiative's scope that includes moving to a fifteen-minute day-ahead market, combining the IFM and RUC, and creating a day ahead imbalance reserve product.

Seattle is encouraged that the 15-minute day ahead scheduling granularity may assist in CAISO's operational challenges by allowing northwest hydroelectric imports to shape their day-ahead schedules, while also potentially providing more meaningful pricing for flexible resources. 15-minute day-ahead scheduling in theory should help in sending the right price signal to the market regarding the attributes and resources CAISO needs.

Seattle supports the creation of a day ahead imbalance reserve product. A well-designed imbalance reserve product will place a value on day-ahead flexible capacity and include a real-time must offer obligation.

Seattle requests the CAISO's next proposal include more details regarding the mechanics of the must offer obligation. Descriptions of the way that CAISO plans to treat import bids for the imbalance reserve product over the interties and from EIM resources would be useful. Also, taking into consideration and anticipating the impacts to EIM participating resources, non-participating resources, and intertie resources in this early stage of market design will help in framing design outcomes.

Seattle recommends that bids received at CAISO's interties include a must offer obligation into the fifteen-minute market, but not the five-minute market. Creating a must offer obligation for intertie bids into the five-minute market would severely limit the liquidity of the imbalance reserve product due to the dynamic transfer limits on the California-Oregon Intertie (COI). In order for CAISO to fully utilize the abundant flexible capacity available in the Pacific Northwest, Seattle encourages CAISO to design the imbalance reserve product to take advantage of the full capacity of the COI, which currently supports only fifteen-minute schedules.<sup>1</sup>

In its next proposal, Seattle suggests that CAISO provide more detail regarding the impact of accepted day-ahead bids from EIM participants on EIM resource sufficiency tests. Seattle cautions CAISO that the design and implementation of this product should not be at a cost or detriment to EIM participants. Ideally, the imbalance reserve product will work seamlessly with the current EIM market.

Seattle thanks CAISO for the opportunity to provide these comments and looks forward to reviewing more details on this proposal in the future.

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<sup>1</sup> The California-Oregon Intertie (COI), or the AC intertie, is used by Pacific Northwest generators, including Seattle, BPA, Powerex, and others, to provide energy to California. It is operated by the Bonneville Power Authority (BPA), which limits the amount of dynamic transfer capability available to deliver energy with a five-minute schedule to 400 MW. In contrast, allowing intertie bids to provide energy on a fifteen-minute schedule allows use of the COI's entire rated capacity, totaling nearly 4,000 MW.