

Stakeholder Comments

Day Ahead Market Enhancements

February 28, 2018 Issue Paper/Straw Proposal

Submitted by	Company	Date Submitted
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The Sacramento Municipal Utility District (SMUD) appreciates the opportunity to comment on the Day Ahead Market Enhancements Issue Paper/Straw Proposal, dated February 28, 2018 (Proposal), and the subsequent stakeholder meeting on March 7, 2018. As an active participant in the CAISO's day ahead market and a planned Energy Imbalance Market (EIM) entrant in April of 2019, SMUD has a strong interest in the changes being proposed.

At this initial stage of the stakeholder initiative, we have identified a few issues and questions below. We expect to have additional questions and comments as this initiative progresses and look forward to continued engagement in the process.

1. Benefits v. Costs

While SMUD supports improving grid reliability and efficiency, it is not clear from the Proposal whether the benefits outweigh the costs related to the enhancements. There are indeed certain benefits to better aligning day ahead resources with real-time conditions, but moving to fifteen-minute scheduling granularity could potentially result in significant costs associated with the increased data and information management. The Proposal lacks any assessment of costs and therefore SMUD simply raises this as a factor the CAISO should consider as it proposes these additional enhancements.

2. Supporting Resources

SMUD schedules against supporting resources (i.e., internal CAISO supply resources not already committed to support Resource Adequacy obligations inside the CAISO BA) in the CAISO to firm our exports. These supporting resources are usually offered by the resource owner in the day ahead market timeframe and are matched against SMUD's self scheduled export for a particular hour. SMUD

assumes the Proposal will not affect our ability to continue this practice or in any way diminish SMUD's ability to ensure the firmness of certain self-scheduled exports, but we seek confirmation from the CAISO that this is the case.

3. Imbalance Reserves

Section 4 of the Proposal addresses the new day ahead imbalance reserves requirement, and states the imbalance occurs due to changes in both the supply and demand from the day ahead to the real time market. SMUD requests the CAISO provide additional detail on the information/factors it uses to establish the imbalance requirement for the 15-minute interval. What is the CAISO using to clear the IFM process? Is there historical information to demonstrate the *accuracy* of the imbalance reserve? SMUD notes that in Appendix B to the Proposal the CAISO intends to perform a historical analysis of imbalance and calculate the imbalance reserve procurement requirement. SMUD requests the CAISO include this accuracy component in such analysis if the CAISO is not already planning to do so.

4. Implementation Timeline

There could be significant SMUD staff and resource commitments associated with implementing the proposed day ahead market enhancements. With SMUD ramping up its EIM implementation activities for a Spring 2019 entry, we will need to coordinate and prioritize efforts internally. Accordingly, we would appreciate the CAISO identify an implementation timeline for the proposed enhancements.

5. EIM Governing Body

SMUD supports CAISO's classification of this matter as "advisory" for EIM Governing Body consideration.