



## Stakeholder Comments Template

### Day-Ahead Market Enhancements Phase 2 Initiative

This template has been created for submission of stakeholder comments on the issue paper and straw proposal that was published on February 28, 2019. The paper/proposal, Stakeholder meeting presentation, and other information related to this initiative may be found 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](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on April 4, 2019.

Submitted by	Organization	Date Submitted
Emeka Anyanwu Energy Innovation & Resources Officer – (206) 684-3718	Seattle City Light	April 4, 2019

#### **Please provide your organization's comments on the following issues and questions.**

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 is supportive of the concept behind the day-ahead market enhancements initiatives and supports CAISO moving forward with this aspect of the initiative, however, we note the challenge with the timing of DAME Phase I and II and the EDAM initiative. The EIM entities' feasibility assessment is the precursor to the EDAM initiative and given the parallel timeline this effort and the DAME initiatives are proceeding along, it is challenging for Seattle as an EIM entity and an entity that does not currently participate in CAISO's Day-Ahead Market (DAM) to fully comprehend the major changes in DAME Phase II and factor these into our evaluation of participating in the day-ahead market. Additionally, this process is very much focused on the CAISO BAA and market structure and does not translate well on how it would work for EIM entities.

It is generally agreed that CAISO's day-ahead market design sets the foundation for EDAM. Seattle believes that enhancements to CAISO's day-ahead markets must be considered in the context of developing a proposal that is feasible for EDAM, not just the CAISO BAA. As the EDAM stakeholder process has not yet started, it is difficult to understand how CAISO can identify and include all of the considerations necessary for EDAM in its day-ahead market enhancements prior to the commencement of the EDAM stakeholder process. Seattle believes it may be more appropriate and efficient for CAISO to combine its day-ahead market enhancements and EDAM stakeholder processes when the EDAM process commences.

### **1. Proposed Day-Ahead Market Structure**

Please provide your organization's feedback on the proposed day-ahead market structure topic as described in section 3 of the proposal. Please explain your rationale and include examples if applicable.

Please provide your organization's position on the proposed day-ahead market structure topic as described in section 3 of the proposal. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

### **2. Day-Ahead Flexible Ramping Product**

Please provide your organization's feedback on the Day-Ahead Flexible Ramping Product as described in section 4 of the proposal. Please explain your rationale and include examples if applicable.

Please provide your organization's position on the Day-Ahead Flexible Ramping Product as described in section 4 of the proposal. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

Seattle supports the Day-Ahead Flexible Ramping Product with caveats. Seattle City Light is supportive of the development of a new day-ahead (DA) flexible ramping product (FRP). However, Seattle urges caution in the development of the flexible ramping product and product requirements. Both PGP and Powerex's comments associated with recognizing the capacity attributes of firm energy products and valuing capacity is an important aspect of a flexible resource's participation in the day ahead market. As such, Seattle requests that CAISO continue to evaluate the issue of price formation and the idea of a "bundled" product that adequately compensates the capacity and energy attributes of a flexible resource such as our owned hydro. Seattle encourages CAISO to consider all options that may be on the table to value capacity and achieve the goal of incenting flexible capacity to serve both within CAISO's BAA and in the future serve EIM entities.

### **3. Re-Optimization of Ancillary Services**

Please provide your organization's feedback on the re-optimization of ancillary services as described in section 5 of the proposal. Please explain your rationale and include examples if applicable.

Please provide your organization's position on the re-optimization of ancillary services as described in section 5 of the proposal. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

#### **4. Energy Imbalance Market Governing Body Classification**

Please provide your organization's feedback on the EIM Governing Body classification as described in section 6 of the proposal. Please explain your rationale and include examples if applicable.

Please provide your organization's position on the EIM Governing Body classification as described in section 6 of the proposal. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

Seattle supports with caveats. As we have mentioned in previous stakeholder initiative comments, Seattle believes the EDAM stakeholder initiative, once initiated, should be classified as primary for the EIM GB. As mentioned earlier in these comments, due to the relationship of the DAME stakeholder process and the upcoming EDAM stakeholder process being so closely intertwined, we agree that the role for the EIM GB should at a minimum be advisory.

### **APPENDIX C: DRAFT TECHNICAL DESCRIPTION**

#### **5. Assumptions and Mathematical Formulations**

Please provide your organization's feedback on the assumptions and mathematical formulations included in Appendix C. Please explain your rationale and include examples if applicable.

Please provide your organization's position on the assumptions and mathematical formulations included in Appendix C. (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

#### **Additional comments**

Please offer any other feedback your organization would like to provide on the Day-Ahead Market Enhancements Phase 1 initiative third revised straw proposal.

Thank you for the opportunity to comment on this important stakeholder process. If you have any questions, feel free to contact Josh Walter at [josh.walter@seattle.gov](mailto:josh.walter@seattle.gov) or at 206-684-3654.