



Department of Energy

January 4, 2018

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

CAISO 2018 Policy Initiatives Catalogue Bonneville Power Administration Comments

Submitted by	Company	Date Submitted
Mark Symonds Business Transformation Office mcsymonds@bpa.gov	Bonneville Power Administration	January 4, 2018

Bonneville Power Administration (Bonneville) appreciates the opportunity to provide California Independent System Operator (CAISO) comments on its 2018 Policy Initiatives Catalog. Bonneville continues to support CAISO's addition of initiatives that will increase California's cost-effective supply of highly flexible resources. Bonneville looks forward to working with CAISO on these initiatives, which address the time frame of resource commitment, clarify with more specificity the need for flexibility, and compensate capacity resources for standing ready to meet these flexibility needs similar to ancillary services. These initiatives address key issues that enhance Bonneville and other Northwest entities' abilities to help provide flexible, low-carbon hydroelectric power to California in a manner that better balances our contribution to more reliably integrating renewable energy for California with our systems' reliability, hydraulic and environmental obligations in the Northwest.

Bonneville is a federal power marketing administration within the U.S. Department of Energy that markets electric power from 31 federal hydroelectric projects and some non-federal projects in the Pacific Northwest with a nameplate capacity of 22,500 MW. Bonneville currently supplies 30 percent of the power consumed in the Northwest. Bonneville also operates 15,000 miles of high voltage transmission that interconnects most of the other transmission systems in the Northwest with Canada and California. Bonneville is obligated by statute to serve Northwest municipalities, public utility districts, cooperatives and then other regional entities prior to selling power out of the region.

This comment first addresses changes or omissions to those initiatives prioritized by the ISO during its December 14th stakeholder meeting. It then summarizes our continuing priorities for 2018 and beyond that were submitted in our November 29, 2017 comment to the ISO.

Changes or Omissions

EIM Default Energy Bid Option (D, E1)

PRIORITY for 2018. Bonneville believes investigation of a fourth option to the CAISO's current default energy bid (DEB) options is a high priority for EIM participation by hydro-dominated utilities. Such an option is essential to address the opportunity costs for integrated hydro systems that are not addressed by the existing DEB options. Bonneville does not see this initiative on the ISO's 3-year initiative roadmap and agrees with other parties that investigation of a fourth DEB option should be included on the ISO roadmap.

Real-Time Market Enhancements (D, E2)

PRIORITY for 2018-19. Bonneville supports a 2018-19 priority of this initiative. Bonneville understands that this initiative is not on the ISO's 2018 roadmap and agrees it should be prioritized on the ISO's 3-year initiative roadmap immediately following the Greenhouse Gas and DA enhancements for the ISO footprint. Bonneville particularly supports the "shorter lead time" aspect of this initiative, especially if it mitigates existing seams between the current FMM and RTD timelines (ie. t-57.5 minutes) and the timelines of the bilateral scheduling windows, including those timelines that OATT transmission providers implemented under FERC Order 764 (ie. t-20 minutes).

Discretionary Initiatives

Day-Ahead Flexible Reserve Product (D)

HIGH PRIORITY. Bonneville continues to strongly support a high priority for this Day-Ahead Flexible Reserve Product stakeholder initiative. Bonneville appreciates the high priority the ISO has assigned to this initiative and initiatives related to it.

Initiatives Currently Underway and Planned

Flexible Resource Adequacy Criteria & Must Offer Obligation Phase 2 (I, C)

HIGH PRIORITY. ISO has indicated that flexible resources will be critical to the integration of additional renewable resources. Bonneville is encouraged that the FRACMOO2 initiative is being prioritized highly and included on the ISO's 2018 roadmap. FRACMOO2 is important to the ISO's operations, to Bonneville, and to other Northwest hydro entities. If capacity payments are made to reflect the opportunity costs of such operation, coordinated operation of hydroelectric generating plants can effectively address net load ramps brought on by the increasing penetration of renewable resources. We look to this initiative in 2018 to explain the objectives driving any limitations for external resources providing flexible RA.

Intertie Deviation Settlement (D)

HIGH PRIORITY. Bonneville supports a 2018 priority for this initiative and supports investigation of business practices that can better ensure the physical delivery of awarded energy.

EIM Greenhouse Gas Enhancements (I, D, E1)

HIGH PRIORITY. Bonneville supports a 2018 priority for this initiative and is interested in advancing the two pass solution. We believe the two pass solution has the potential to more accurately and equitably assign greenhouse gas (GHG) emissions associated with out-of-state resources in the EIM.