

Portland General Electric Comments
CAISO EIM Offer Rules July 19, 2018 Technical Workshop

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Portland General Electric Company (“PGE”) appreciates the opportunity to provide comments on the California Independent System Operator’s (“ISO”) EIM Offer Rules Technical Workshop.

Process:

PGE strongly supports and appreciates the ISO’s efforts to use vehicles like the July 19th Technical Workshop as a means to engage stakeholders to more fully understand the complex issues around options for Default Energy Bid (DEB), and the Flexible Ramping Sufficiency Test (FRST). PGE appreciates the presentations from the CAISO, Powerex and the Department of Market Monitoring, which facilitate more robust discussions amongst the stakeholder groups and ultimately leads to a greater understanding of the complexity associated with DEBs and the FRST.

Resource Sufficiency:

In past comments, PGE has made it clear that establishment of clear rules for a strong Resource Sufficiency (“RS”) program is needed to create reliable and equitable functioning of a short-term co-optimized energy market. It is critical that issues associated with RS be addressed regardless of proposed timelines for other market initiatives such as the Day-Ahead Market Enhancements or Extended Day-Ahead Market initiatives. Therefore, PGE strongly supports CAISO’s openness to making changes to RS that can be implemented separate from the initiative process (e.g., via technology or Business Practice Manual changes).

In particular, PGE agrees that the ISO should continue discussions amongst stakeholders to (1) determine the types of supply that should be included in the RS tests and (2) consider the implementation of a tolerance band for the FRST. The tolerance band would lessen the frequency of failing when the MW level of the flexible ramping test failure is small, and would promote the benefits of full participation from EIM market participants while continuing to address real-time leaning prior to the start of each EIM trade hour. PGE is also supportive of ISO efforts to implement forecasting enhancements to the uncertainty component of the FRST in advance of the Day-Ahead Market Enhancements Initiative.

Finally, PGE continues to strongly support all efforts that effectively audit the application of the RS test to ensure comparability and consistency across all EIM balancing authority areas, including the ISO’s BAA. To that end, PGE is fully supportive of reporting of all metrics for RS in the Market Performance and Planning materials.

Default Energy Bids and Mitigation:

As an EIM market participant with fast-ramping, fuel-constrained hydroelectric and thermal resources, PGE understands well the challenges operating in the EIM subject to a default energy bid and market power mitigation framework can present as compared to traditional bilateral market operations. PGE

looks forward to reviewing the forthcoming straw proposal and appreciates the ISO's commitment to reviewing the application of market power mitigation based on the expanded EIM geography.

PGE is supportive of an EIM Mitigation Initiative that *balances* consistent requirements and outcomes. That is, any changes to the existing framework, or options for establishing default energy bids and mitigated prices, should not in any way distort the day-to-day functioning of the ISO's market or result in price-formation fundamentals that disproportionately benefit one type of market participant, or class of participating resources, versus another. PGE supports collaboration between DMM and CAISO in creating alternatives that demonstrate this balance.

PGE appreciates the opportunity to provide comments, and looks forward to working with the ISO and stakeholders to develop and implement efficient, effective solutions to the issues identified, through a process the ISO views as being most expedient going forward.