

Portland General Electric Comments
Flexible Resource Adequacy Criteria Must Offer Obligation Presentation
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Submitted by Dan Williams, dan.williams@pgn.com

On October 1, 2017, Portland General Electric (PGE) became the fifth entity to join the Western EIM. While PGE is not subject to the ISO's Resource Adequacy requirements, PGE is nonetheless impacted by the ISO's Flexible Resource market policies as they are a significant factor in price formation trends in the ISO's day-ahead and real-time markets, including the EIM, in which PGE participates as both a buyer and seller of wholesale energy.

PGE strongly supports the ISO's efforts to enhance its Flexible Resource Adequacy Criteria and Must Offer Obligation (FRAC MOO) framework such that it is positioned to remain resource sufficient even as the penetration of Variable Energy Resources (VERs) within its Balancing Authority Area (BAA) continues to grow. PGE appreciates the ISO's transparency regarding the operational challenges it is facing. PGE applauds the ISO's strategy in this initiative of letting objective data drive rational policy development, and encourages its fellow stakeholders to not discount the results. In PGE's assessment, and based on its market and operational experience, the ISO's concerns are real, and show an immediate and growing need that must be addressed at the policy-making level to ensure the future security and reliability of the grid.

PGE in general supports the ISO's "Conceptual Flexible RA Framework" as outlined in slides 40-54 of the ISO's presentation on September 26, 2017¹, and believes it is a good starting point for the upcoming draft proposal. However, PGE believes that energy market price-formation related actions need to be taken in concert with the Flexible RA proposal in order for the framework to be successful in delivering the desired outcomes in practice. At a minimum, PGE supports the ISO looking for ways to adjust market policies to promote more flexible inertia fifteen-minute market bidding of both RA and non-RA resources, reduce self-scheduling of imports and on-system generation, and increase the accuracy of load forecasting. In PGE's view, these could include: lowering the market bid-floor to be symmetric with the market bid-cap to encourage optimal load, VERs, and import scheduling; reducing or removing the Transmission Access Charge export fee for exports of economy energy; addressing market seams between the ISO's inertia fifteen-minute market and the EIM; promoting increased market-based bid flexibility; and ensuring scarcity pricing is triggered when scarcity conditions are present.

PGE appreciates the opportunity to submit these comments and looks forward to continuing to work with the ISO's internal and external stakeholders to inform market policies that promote reliable, secure outcomes for our regions' customers.

¹ http://www.caiso.com/Documents/Presentation-FlexibleResourceAdequacyCriteria_MustOfferObligationSep26_2017.pdf