

**California ISO Day-Ahead Market Enhancements Phase 1: Fifteen-Minute Granularity
Second Revised Straw Proposal**

Comments of Public Interest Organizations:

Western Resource Advocates, the Center for Energy Efficiency and Renewable Technologies, Natural Resources Defense Council, NW Energy Coalition, Renewable Northwest, Union of Concerned Scientists, Vote Solar, and Western Grid Group

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Submitted via email: initiativecomments@caiso.com

Western Resources Advocates (“WRA”), the Center for Energy Efficiency and Renewable Technologies (“CEERT”), Natural Resources Defense Council (“NRDC”), NW Energy Coalition, Renewable Northwest, Union of Concerned Scientists (“UCS”), Vote Solar, and Western Grid Group (collectively, Public Interest Organizations or “PIOs”) submit the following comments on CAISO’s [Day-Ahead Market Enhancements Phase 1: Fifteen-Minute Granularity Second Revised Straw Proposal](#). PIOs submit these comments in the interest of accelerating the development and implementation of regional markets in the Western Interconnection necessary to decrease costs to consumers and reduce regional emissions of greenhouse gases and criteria pollutants.

In summary, PIOs recommend the following:

- We support moving to fifteen-minute granularity in the Day-Ahead Market (“DAM”).
- We support a “hybrid non-EIM specific” classification for the EIM Governing Body in approving DAM enhancements, while acknowledging that longer-term governance changes may be necessary as the enhanced day-ahead market is made available to EIM Entities.
- We seek clarity on the rationale for the proposed fall 2020 implementation date.
- To the maximum extent possible, we recommend that DAM improvements be made available to EIM entities at the same time they are available to CAISO Participating Transmission Owners (“PTOs”).

Fifteen-Minute Scheduling Granularity

Fifteen-minute scheduling granularity in the DAM will enable resources to be scheduled in intervals that more closely follow the load curve established by the CAISO's demand forecast. This, in turn, will improve grid reliability, improve DAM efficiency, and reduce emissions by minimizing operation of power plants not needed in real-time. It will also provide an incentive for continuing improvements in the forecasting of variable generation output and enable more efficient use of the growing storage fleet. Finally, implementing fifteen-minute scheduling granularity is critical to enabling CAISO to best utilize available hydro resources to meet steep ramping needs.

PIOs support the Second Revised Straw Proposal to implement fifteen-minute scheduling granularity in the DAM.

EIM Governing Body Role

The Second Revised Straw Proposal correctly concludes that the proposed enhancements to the DAM impact EIM operations and thus, the EIM Governing Body should have an enhanced role in approving these changes. In executing its "hybrid non-EIM specific" responsibilities, the EIM Governing Body will become fully informed on DAM improvements and perhaps more importantly, will be well positioned to approve extension of the enhanced day-ahead market to EIM Entities.

Further, CAISO correctly concludes that the proposed change to granularity of EIM base schedules is not severable from the remainder of the DAM enhancements and therefore, that there is a need to align the EIM and the rest of the CAISO market.

While PIOs acknowledge that the "hybrid non-EIM specific" designation is appropriate for the EIM Governing Body in the present instance, we also foresee the potential need to expand the EIM Governing Body's existing authority once DAM enhancements are made available to EIM Entities (commonly referred to as the "EDAM"). PIOs recommend that CAISO

consider the creation of a separate stakeholder process to begin addressing these governance changes to run in tandem with its planned EDAM stakeholder initiative for 2019.

PIOs support the “hybrid non-EIM specific” classification for the EIM Governing Body in approving DAM enhancements, but acknowledge that the EIM Governing Body’s existing authority may require expansion once DAM enhancements are made available to EIM Entities.

Implementation Schedule

At its September 4 workshop, CAISO indicated that the proposed fifteen-minute granularity would be implemented in the fall of 2020, two years after expected approval of the proposal by the EIM Governing Body on October 31, 2018, and CAISO Board of Governors on November 14-15, 2018. Given the potential value of DAM improvements in lowering costs to consumers and reducing emissions, PIOs seek clarification on why CAISO is proposing this extended implementation period. Specifically, PIOs raise the following questions:

- Is the two-year implementation period due to the need for additional time to implement internal changes to CAISO software and procedures to support fifteen-minute granularity?

If so, are there opportunities to accelerate internal changes required at CAISO? How can CAISO assist PTOs and EIM Entities to develop necessary changes to their systems to successfully implement fifteen-minute granularity?

- Is the two-year implementation period due to additional time needed for CAISO to implement software changes and engage in shadow operations in order to begin offering Reliability Coordinator (“RC”) services to Western Interconnection Balancing Authorities?

If so, are there opportunities to increase RC staffing needs at CAISO and avoid unnecessarily delaying the implementation of fifteen-minute granularity?

PIOs seek clarity from CAISO, as clarified in the aforementioned questions, on the rationale for the proposed fall 2020 implementation date.

Simultaneous Implementation for PTOs and EIM Entities

Generally speaking, as the suite of available market services increases, so do the benefits. Following this logic, once day-ahead market enhancements are made available to EIM Entities (i.e., EDAM), there is great potential for significant consumer savings and associated emissions reductions *in addition to* those already realized from the EIM. Thus, PIOs recommend that at their respective meetings in October and November, the EIM Governing Body and CAISO Board of Governors consider taking appropriate steps necessary to make day-ahead market enhancements available to EIM Entities at the same time they are available to CAISO PTOs.

To support simultaneous implementation of DAM enhancements with EDAM, CAISO must first clarify critical path decisions and procedures necessary to extend the DAM to EIM Entities and further, provide a schedule for making those decisions and implementing any necessary procedures. Also, as soon as possible, CAISO should provide a *preliminary* estimate of potential benefits that could be expected to flow from extending the DAM to EIM Entities.¹ Such an estimate would inform stakeholders, EIM Entities and their regulators of the potential value of participating in the extended day-ahead market and could be presented in conjunction with the commencement of the EDAM stakeholder process.

¹ PIOs acknowledge that this study work could ultimately be performed by CAISO, a third party, or the EIM Entities themselves, but encourage public sharing of results. A rough insight into the potential benefits of extending the enhanced day-ahead market to EIM Entities can be gleaned from the SB 350 study work, which found economic benefits (for California alone) as high as \$1 billion by 2030, stemming from a multi-state extension of CAISO's day-ahead market. While such a comprehensive study would not be required at the commencement of the EDAM stakeholder process, a high level estimate of EDAM's benefits (incremental to those already realized by the EIM) would prove invaluable to stakeholders, utilities, and regulators alike. SB 350 study results are available on CAISO's website: <http://www.caiso.com/informed/Pages/RegionalEnergyMarket.aspx>.

To the maximum extent possible, PIOs recommend that the DAM enhancements be made available to EIM Entities at the same time they are made available to CAISO Participating Transmission Owners. To support simultaneous implementation of both initiatives, PIOs recommend additional clarification from CAISO regarding critical path decisions necessary to implement EDAM and further, that CAISO consider presenting a preliminary estimate of potential EDAM benefits in conjunction with the commencement of the EDAM stakeholder process.

PIOs appreciate the opportunity to provide these comments and look forward to actively participating in the accelerated development and implementation of improvements to CAISO's day-ahead market and extension of the enhanced day-ahead market to EIM Entities.

Respectfully submitted,



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