

Comments of Seattle City Light on CAISO 2019 Draft Policy Initiatives Catalog

Submitted by	Company	Date Submitted
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Seattle City Light (Seattle) is the tenth largest consumer owned electric utility in the nation, providing electrical service to more than 415,000 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 wholesale energy and transmission markets. Seattle executed an Implementation Agreement with the California Independent System Operator (CAISO) and intends to begin participating in the Energy Imbalance Market (EIM) in April 2020.

Summary

Seattle City Light (SCL or Seattle) appreciates the opportunity to submit comments on CAISO’s Draft 2019 Policy Initiatives Catalog. We are generally pleased with the CAISO’s planned initiatives. Seattle realizes there will be another round of comments associated with the prioritization of initiatives, however, to emphasize the importance of some of these issues, Seattle has identified those initiatives it is highly supportive of in these comments. Seattle City Light encourages CAISO to prioritize its near-term work on four issues: EIM Identified Market Power Mitigation Enhancements, Settlement of Non-Conforming Loads in EIM Balancing Areas, EIM Resource Sufficiency Evaluation, and the implementation of a Day-Ahead Flexible Ramping Product.

Priority Initiatives for Seattle City Light

EIM Identified Market Power Mitigation Enhancements

Seattle supports this initiative and recommends it be prioritized. SCL has provided comments and presentations as part of the EIM Offer Rules workshops and has advocated for solutions to mitigation issues and DEB options for use-limited resources. Many stakeholders have clearly identified these issues and an initiative to address them as a top priority. Seattle is pleased that CAISO is commencing an initiative in the near-term to address these issues. We note that the description of this initiative states that the potential market design changes are not specific to only EIM. We interpret this to mean this initiative would include any major policy changes to the market power mitigation approach impacting EIM and all CAISO markets. If this

is not the case, we believe a separate market power mitigation initiative should be developed, as discussed at the EIM Offer Rules workshops.

Settlement of Non-Conforming Loads in EIM Balancing Areas

Seattle is very supportive of CAISO pursuing this initiative. We note that this is a discretionary initiative that is not currently planned or underway. We recommend that CAISO prioritize this initiative commencing in the near term. Seattle has non-conforming load on its system and agrees that non-conforming load and the resulting EIM imbalance charges that may be inflicted on EIM entities represents a significant financial risk to these entities. Seattle is very encouraged that CAISO is looking to explore alternatives to administer non-conforming loads' imbalance charges.

EIM Offer Rules: EIM Resource Sufficiency Evaluation

CAISO has determined not to undertake a separate initiative to address EIM resource sufficiency evaluation, despite many stakeholder requests over multiple years to do so. CAISO indicates it will address some of the RS issues through the Business Practice Manual process and within the Day-Ahead Market Enhancements (DAME) initiative. However, the DAME initiative has now been broken into two initiatives: 15-minute Granularity and Day-Ahead Flexible Ramping Product and neither is designed to include a comprehensive evaluation of real-time resource sufficiency tests. Therefore, Seattle recommends a separate initiative to address EIM Resource Sufficiency Tests. As stated in our July EIM Offer Rules comments, continuing to implement piecemeal improvements in different forums over multiple years is problematic because it does not provide EIM entities a complete analysis of all of the moving parts, nor a comprehensive solution.

Day-Ahead Market Enhancements: Day-Ahead Flexible Ramping Product

Seattle supports this initiative. Adequately pricing flexibility should be a high priority for the CAISO. While we would prefer CAISO continue to develop the Day-Ahead Flexible Ramping Product in its ongoing DAME initiative, we are pleased that CAISO has included it in initiatives underway or planned to be underway.

Other Initiatives Seattle Supports

Resource Adequacy Enhancements

Seattle notes that the scope of this initiative is quite broad, and it may be a challenge to get through all the proposed components. In prior comments, Seattle asked CAISO to evaluate its RA performance at the system level, as well as visibility requirements for intertie bids. Accordingly, Seattle recommends that "Calculation of System RA Requirements" and "Stronger Performance Requirements" be prioritized for completion in this initiative.

EIM Base Schedule Submission Deadline

Seattle is supportive of an initiative that examines moving the final base schedule submissions closer to the operating hour.

Intertie Deviation Settlement

Seattle supports this initiative. This initiative is designed to ensure operational reliability by incentivizing intertie resources to deliver energy that has been awarded. Seattle encourages

efforts that will ensure day-ahead awards show up in real time, instead of over-procuring to account for day-ahead awards that fail to perform.

General Comments on Draft Stakeholder Catalog

The section of the catalog titled “Initiatives Completed Since Previous Catalog” includes some initiatives that were either merged into other initiatives or dropped. It is confusing for these to be lumped into the “completed” category. For example, the EIM Offer Rules-EIM Resource Sufficiency Evaluation is under “Initiatives Completed,” however, as CAISO states in the description of this initiative, CAISO determined that a separate policy initiative was not needed. Another example is the Day-Ahead Market Enhancements-15 Minute Granularity. CAISO has included this initiative as “completed” however, the DAME initiative was just recently broken into the two separate initiatives that are presented in this catalog and CAISO has not published an issue paper or proposal detailing the updated scope of either. Seattle recommends this initiative being moved to “Initiatives Currently Underway.”

We also note that discretionary initiatives do not appear to have EIM codes, even when the initiatives appear to affect the EIM. SCL recommends that EIM coding be added to all discretionary initiatives that are EIM-related.