

Comments of Seattle City Light on CAISO 2019 Draft Three-Year Policy Roadmap

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 Western Energy Imbalance Market (EIM) in April 2020.

Summary of Comments

Seattle City Light appreciates the opportunity to submit comments on CAISO’s Draft Three-Year Policy Roadmap. We are most interested in the prioritization of the Local Market Power Mitigation (LMPM) initiative, the Settlement of EIM Non-Conforming Loads in EIM Balancing Areas initiative and a meaningful review of EIM resource sufficiency (RS). Additionally, Resources Adequacy (RA) and GHG Accounting are high on our list of issues to be included and prioritized in the roadmap. We would prefer a comprehensive review of the RS framework be conducted now rather than through the EDAM initiative. We offer suggestions regarding the process CAISO should use to keep stakeholders informed of its progress towards making EIM resource sufficiency test enhancements. We are disappointed that CAISO has not prioritized the Settlement of EIM Non-Conforming Loads in EIM Balancing Areas initiative and would like to understand why this has not been prioritized. We are supportive of CAISO’s two-phased approach to resource adequacy review. Finally, Seattle is curious if CAISO will commence the “Multi-GHG Areas” initiative in 2019 only if changes in state policy necessitate this, and if so, we recommend this initiative be classified as a potential initiative.

Comments on Draft Three-Year Policy Roadmap

Local Market Power Mitigation

Seattle is pleased that CAISO has commenced work on the LMPM initiative. This is an essential body of work and Seattle commends CAISO for recognizing this and prioritizing this for implementation by end of 2019. Seattle encourages the CAISO to avoid any delays associated with this work, recognizing that resolution of mitigation and default energy bid (DEB) issues are essential to many EIM participants and future participants.

Settlement of EIM Non-Conforming Loads in EIM Balancing Areas

Seattle is disappointed that CAISO has not included the Settlement of EIM Non-Conforming Loads in EIM Balancing Areas in the three-year roadmap. This initiative is a priority to us as we will have non-conforming load(s) in EIM, and other entities or future entities may as well. We encourage CAISO to make time in the next three years to commence work on this initiative or explain why it does not believe it should be included in the roadmap. Resolution of this issue is material to Seattle's participation in the EIM.

EIM Resource Sufficiency

Seattle is pleased that CAISO published a White Paper on resource sufficiency to address some of the issues raised by stakeholders and proposes to make changes through Business Practice Manual (BPM) revisions. However, in response to requests from stakeholders for a comprehensive review of the RS framework, CAISO proposes to do an overhaul of the RS framework in the EDAM initiative for both real-time and day-ahead markets. Seattle still prefers the comprehensive RS test review be conducted now, rather than later in the EDAM process. Doing a comprehensive review through the EDAM initiative would delay addressing many of the issues raised by stakeholders until 2021, when EDAM is proposed to be implemented. In addition, the EDAM initiative process will be very large in scope and breadth and it will likely be a challenge to cover all required aspects, in addition to RS review. Moreover, some EIM entities may choose not to participate in EDAM.

Seattle thanks CAISO for holding a public informational call regarding the EIM RS White Paper on September 26, 2018. We appreciate the opportunity discuss the substance of the proposed changes, and the procedural route that CAISO proposes to use to make the changes. CAISO stated that it plans to address two issues, undelivered intertie awards and a holistic review of the real-time RS tests, in policy initiatives. Seattle appreciates the opportunity to participate in the public process that accompanies these initiatives and looks forward to doing so.

Business Practice Manual Changes and Market Performance and Planning Forum (MPPF)

On the September 26th call, CAISO proposed to address three other issues through Business Practice Manual changes. The BPM change process was not designed to facilitate policy decisions or a thorough analytical review. Therefore, Seattle is concerned that changes made through the BPM process may not receive the same level of engagement from interested parties, or as thorough a review, as changes made through the policy initiative process. Further, delays are common in the course of business, and stakeholders often do not receive any communication regarding delays associated with contemplated, but unpublished, BPM changes. On the September 26th call, CAISO stated that it plans to conduct further stakeholder engagement on EIM RS issues through its Market Performance and Planning Forum (MPPF) meetings.

In response to CAISO's proposal to use the MPPF to communicate information regarding the development of the BPM changes proposed in the EIM RS White Paper, Seattle recommends that each MPPF include a written and verbal discussion of the following items:

- The expected timeline for BPM publication and adoption of *Fifteen-minute freeze for flexible ramping test failures* and *Introduction of a 1% tolerance band for flexible ramping test*. If any substantive changes from the proposals described in the White Paper are contemplated, those changes should be addressed at the MPPF.
- CAISO also proposes to use the BPM process to implement a new approach to calculating the flexible ramping requirement. Each MPPF should include the expected timeline for publication of CAISO's proposal regarding this issue, and once a new approach is decided upon, the expected timeline for BPM publication and adoption.

Seattle thanks CAISO for acknowledging on the September 26th call that it will need to provide stakeholders an opportunity to review its new approach to calculating the flexible ramping requirement before starting the BPM process. Seattle suggests that CAISO provide stakeholders a:

- narrative explanation of the new requirement and alternative requirements considered;
- narrative explanation of the CAISO's analysis of the impact of using the new requirement and alternative requirements considered;
- significant portion of time in the MPPF to discuss this analysis, or a separate conference call to discuss the proposal; and
- stakeholder comment opportunity before the BPM process starts.

Resource Adequacy

Seattle is supportive of CAISO's approach to break up the RA Enhancements initiative into two phases. As we've noted in prior comments, the scope of work on RA is quite large so a phased-approach makes good sense.

EIM Greenhouse Gas Accounting

In a change from what was included in the Final 2019 Policy Initiative Catalog, CAISO moved up the Multi EIM-GHG initiative to commence in 2019. Seattle would like to know if this initiative will commence regardless of state policy decisions on GHG, or if it is dependent on policy changes. If the latter, we recommend this initiative be placed in the "potential initiatives" category.

Thank you for the opportunity to comment and if you have any questions please contact Lea Fisher at Lea.Fisher@seattle.gov or 206-386-4546.