



Stakeholder Comments Template

Day-Ahead Market Enhancements

This template has been created for submission of comments on proposed market design options discussed with stakeholders during the June 20, 2019 Day-Ahead Market Enhancements workshop. Information related to this initiative is available on the initiative webpage at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/Day-AheadMarketEnhancements.aspx>.

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on July 11, 2019.

Submitted by	Organization	Date Submitted
<i>Tuuli Hakala, Energy Policy Advisor (503) 956-3144</i>	<i>Chelan PUD</i>	<i>July 11, 2019</i>
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Please provide comments on the proposed formulation options described below. In your comments, please explain your rationale and include examples if applicable. Also, recommend any analysis and data that your organization believes would be helpful to review on these option. Include details and explain your reasoning for the type of analysis and data that you suggest.

- At this time, does your organization support moving forward with **Option 1: Sequential Integrated Forward Market followed by an after-market Reliability and Deliverability Assessment (Sequential IFM-RDA)**, **Option 2: Integrated IFM and Residual Unit Commitment (Integrated IFM-RUC)**, or **undecided**. Provide supportive comments (in favor of, or in opposition to) below.

Please double click on check box below to select your position:

<p><u>Option 1:</u></p> <p><input type="checkbox"/> Support</p> <p><input type="checkbox"/> Support with caveats</p> <p><input checked="" type="checkbox"/> Oppose</p> <p><input type="checkbox"/> Uncdecided</p>	<p><u>Option 2:</u></p> <p><input type="checkbox"/> Support</p> <p><input checked="" type="checkbox"/> Support with caveats</p> <p><input type="checkbox"/> Oppose</p> <p><input type="checkbox"/> Uncdecided</p>
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Chelan PUD, a consumer-owned utility in Washington, is an active participant in the bilateral, wholesale power markets in the West and a NERC-registered balancing authority. Chelan operates three FERC-licensed hydropower projects generating approximately 10 million megawatt hours of clean, renewable, low-cost electricity annually. One of Chelan's projects is currently a participating resource in the Western EIM.

Chelan PUD believes that equitably compensating all resources for the services they provide to the electric grid should be a foundational objective for any organized energy market. Achieving this objective results in the market sending appropriate investment signals to resource owners and operators, thus ensuring that in the long run the right resource mix is in place to provide consumers with a reliable, affordable modern electric grid. Chelan evaluates CAISO's Day Ahead Market Enhancements options through this lens.

Option 1: Sequential IFM-RDA

Please provide comments to explain your position on Option 1:

Chelan PUD recommends CAISO not pursue Option 1. Chelan believes continuing to rely on a sequential, rather than co-optimized, methodology for procuring energy and capacity in the day ahead timeframe will likely not result in equitably compensating all resources for the services they provide, in particular needed capacity services. Chelan's understanding is that under CAISO's Option 1, some resources that provide capacity services will be compensated for those services through side payments, i.e. through the new day ahead exceptional dispatch process. But capacity-backed resources that contribute to, and are relied upon, to meet CAISO's day ahead capacity needs through firm physical energy offers will not be. If CAISO is relying on both forms of supply to effectively provide the same service, they should be compensated accordingly.

Option 2: Integrated IFM-RUC

Please provide comments to explain your position on Option 2:

Chelan PUD recommends CAISO proceed with further evaluating, refining and pursuing Option 2. Chelan believes that co-optimizing the procurement of energy and capacity, and providing a capacity premium, helps ensure resources are equitably compensated for the services they provide to the CAISO grid. Chelan acknowledges that moving from a sequential to a co-optimized process for procuring energy and capacity in the day-ahead timeframe is a new approach that may introduce some complexity and anticipates this option would require further refinement before adoption.

2. Please identify any specific data analysis that your organization recommends. Indicate the data request(s), the purpose of the request(s), and how the request(s) will advise the determination of the day-ahead market formulation, or will assist with determining the procurement target for the new day-ahead product.

Comments:

3. Please offer any other feedback your organization would like to provide on presentation materials and discussion for the June 20, 2019 Day-Ahead Market Enhancements stakeholder workshop.

Comments: