



CAISO Draft 2021 Policy Initiatives Roadmap

Comments Submitted by	Organization	Date Submitted
<i>Steve Kerns, 503-593-5472</i>	<i>Public Generating Pool (PGP)</i>	<i>October 21, 2020</i>

I. GENERAL COMMENTS

PGP agrees with the primary drivers that laid the foundation for this three-year roadmap. Market design needs to respond to a changing resource fleet in a manner that leverages regional diversity while maintaining reliability. In addition, rapidly capturing lessons learned from extreme events should also be a driver. PGP recommends that CAISO remain flexible to modifying the scope and priority of these initiatives as new information comes to light as well as considering new initiatives if it is determined that there is an urgent need for Summer 2021. For example, the preliminary Root Cause Analysis for the events of August 2020 identified a number of actions that will be taken by Summer 2021, and it would be helpful to know which, if any, of the initiatives on this roadmap will be taking on these actions.

II. EVOLVE ISO MARKETS

PGP supports evolution of the existing CAISO markets in order to expand the benefits of market efficiency and more effective renewable integration across the West.

- PGP believes the DAME initiative, specifically the proposed reliability capacity and imbalance reserves products, could provide significant benefits in managing load and resource variability, such as that experienced in mid-August.
- Further progress on EDAM is important to explore key market design options that achieve the interests of existing and potential EIM entity day-ahead market participants.
- PGP welcomes the inclusion of the Scarcity Pricing initiative and the acknowledgement that consideration of System Market Power and impacts of FERC Order 831 are a necessary part of this initiative.
- PGP continues to recommend, as stated in our most recent comments on CAISO's revised draft final proposal on System-Level Market Power that CAISO suspend consideration of the system level market power initiative until there has been a chance to digest lessons learned from the CAISO load-shed event and moving forward, system-level market power should be considered holistically within the scarcity pricing initiative planned. We also support CAISO's stated intent to not open a second phase of the

system-level market power initiative for the day-ahead market as a stand-alone initiative.

- Finally, PGP continues to stress the importance of ensuring that all components of the EIM Resource Sufficiency Evaluation (RSE) is applied transparently and consistently to all EIM participants whether they are within or external to CAISO's footprint. Data from events of August 14th – 19th suggest that there were multiple hours when entities were in a Stage 3 emergency while passing the EIM RSE, and it is not clear what, if any, impact there was to other EIM participants. PGP believes that a detailed understanding of the events and consequences of the August event followed by consideration of improvements to the EIM RSE are needed before details of an EDAM RS can be solidified. For this reason, PGP recommends that CAISO specifically include EIM RSE Improvements in the scope of an existing initiative or create a new initiative.

Finally, PGP encourages CAISO to be flexible on the scope of work intended for each of these initiatives so that the scope be updated, as needed, to capture any findings or market rule enhancements from the August and September extreme weather events.

III. ENHANCE RESOURCE ADEQUACY

PGP agrees wholeheartedly on the importance of improving California's Resource Adequacy (RA) program and supports the two-phase approach. It is essential that the Resource Adequacy framework promotes procurement of physical resources and demand response that is operationally visible to meet reliability needs on all hours. In addition, the framework must correctly capture any impact of climate-change on demand as well as on supply. While the specific reforms that are proposed make sense, PGP encourages CAISO and CPUC to remain flexible on this initiative's scope as more is learned about the extreme weather events from August and September.