



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
Bonnie Blair 202-585-6905	Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California ("Six Cities")	July 11, 2019

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.

Six Cities' Response:

As indicated below, at this time, the Six Cities are unable to determine which of the alternative formulations would be most likely to achieve the stated objectives while avoiding unnecessary complexity and minimizing implementation costs and challenges. In the comments below the Six Cities provide their initial views on the pros and cons of the two alternatives, but the Cities believe there may be additional advantages and disadvantages they have not yet identified that will be important for making a well-founded decision on which approach to pursue.

<p><u>Option 1:</u></p> <p><input type="checkbox"/> Support</p> <p><input type="checkbox"/> Support with caveats</p> <p><input type="checkbox"/> Oppose</p> <p><input checked="" type="checkbox"/> Undecided</p>	<p><u>Option 2:</u></p> <p><input type="checkbox"/> Support</p> <p><input type="checkbox"/> Support with caveats</p> <p><input type="checkbox"/> Oppose</p> <p><input checked="" type="checkbox"/> Undecided</p>
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Option 1: Sequential IFM-RDA

Pros: Option 1 appears to represent a less substantial departure from the currently effective market structure. It therefore seems reasonable to expect that the process of implementing Option 1 would be less challenging and less costly (as compared with Option 2) both for the ISO and for stakeholders. On an on-going basis, the comparatively less complex approach under Option 1 may result in lower risk of unintended consequences.

Cons: Option 1 will involve more out-of-market interventions by operators. As a result, it is possible that the resulting resource commitments and dispatches may be less efficient.

Option 2: Integrated IFM-RUC

Pros: Because Option 2 will seek to integrate and co-optimize the selection of resources for energy, Ancillary Services, and Flexible Ramping capacity, the resource commitments and dispatches may be more efficient as compared with the Option 1 approach. There also should be reduced need for operator interventions.

Cons: Option 2 represents a much more expansive restructuring of the Day-Ahead Market and therefore seems likely to be more challenging and costly to implement than Option 1. On an ongoing basis, Option 2 appears to involve more complex processes (as compared with Option 1) and therefore may give rise to greater risks of unintended consequences.

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.

Six Cities' Comments:

The Six Cities request that the ISO provide additional explanation and analysis with respect to three elements that may affect the choice between the alternative approaches under consideration:

Treatment of Virtual Bids - - It is unclear to the Six Cities how virtual bids will affect the ultimate commitment and dispatch outcomes under the two approaches under

consideration. The Six Cities request that the ISO provide a more detailed explanation regarding the role, treatment, and benefits of virtual bids under the two alternative approaches, including identification of any differences in the role or impacts of virtual bids under the alternative approaches.

Reliability Capacity Up and Down - - The Draft Technical Description for Option 1 (but not for Option 2) includes “Reliability Capacity Up and Down awards for physical resources” in the list of market commodities under Section 1.3. It appears from the description of Reliability Capacity Up and Down awards that such capacity would overlap with Flexible Ramp Up and Down awards. The Six Cities request that the ISO provide more detailed explanation regarding the nature of Reliability Capacity awards, the relationship of Reliability Capacity awards to Flexible Ramp awards, and why Reliability Capacity awards would be appropriate under Option 1 but not needed under Option 2.

Relationship to Flexible RA Obligations - - There was a suggestion during the June 20, 2019 workshop that procurement of Flexible Ramping Up and Down in the Day-Ahead Market may make it unnecessary to impose a Must Offer Obligation (“MOO”) for Flexible Resource Adequacy resources in the Real-Time Markets. The Six Cities request that the ISO evaluate and explain the impact of procuring Flexible Ramping capacity in the Day-Ahead Market on Flexible RA MOO, including identification of any differences in such impacts under the alternative approaches.

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.

Six Cities’ Comments:

The ISO indicated during the discussion in the June 20, 2019 workshop that it is planning an extended policy development schedule for this initiative, including development of draft tariff language and Business Requirements Specifications prior to presentation of a proposed policy for Governing Board approval. The Six Cities strongly support a policy development schedule that permits ample time for review and evaluation of policy alternatives and also support development of draft tariff language and Business Requirements Specifications prior to final policy determinations. In addition, the Six Cities recommend that the ISO provide for market testing and simulations prior to final policy determinations.