

Chelan County Public Utility District's Comments on 2018 Draft Policy Initiatives Catalog

November 29, 2017

Submit comments to InitiativeComments@CAISO.com

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 PUD appreciates the opportunity to offer the following comments on the 2018 Draft Policy Initiatives Catalog posted November 8, 2017.

Chelan PUD supports the comments filed by Public Generating Pool on this subject (Chelan PUD is a member of PGP). Chelan PUD emphasizes the following key initiatives and the importance to parties in the Northwest and the market as a whole:

EIM Default Energy Bid Option

Chelan is a proponent of having additional options for calculating Default Energy Bids (DEB). The three existing mechanisms may be appropriate for generating assets within the CAISO BAA, but EIM may require additional methodologies. Assets that are located outside of the CAISO BAA have the opportunity to sell in multiple geographic markets. Hydro assets are energy limited and have opportunity costs that are complicated to model and calculate. A DEB method that does not act as a disincentive to hydro participation needs to be examined. DEB mechanisms that are used in other ISOs should be explored.

Hourly EIM Resource Sufficiency Evaluation

Resource Sufficiency is an important component of the market design and insures reliability. Chelan is strongly opposed to financial remedies as the sole penalty for noncompliance. The existing mechanism, where failure of the Resource Sufficiency test results in limiting of EIM transfers, should stay in place. The Resource Sufficiency enforcement framework should prevent leaning on neighboring systems or intra-hour markets for flexibility or capacity needs. Enforcement measures should provide prompt identification of Resource Sufficiency failure and impose consequences that escalate with the frequency and severity of non-performance.

Enhanced Participation of External Resources

Chelan continues to support allowing participation of resources outside of an existing EIM entity. With proper safeguards, greater resource participation should enhance the value of the EIM.

Export Charges

Chelan believes that export charges create a hurdle rate that may discourage economic export transactions. The export charge should be reexamined, particularly during times where curtailment of VERs is likely.

Extended Pricing Mechanisms

Chelan feels that it is necessary to include start-up and minimum load in long lead time units in the LMP calculation. All costs need to be reflected in bids so that proper price formation occurs and suitable short-term price signals are sent.

Flexible Reserve Product

Chelan supports additional metrics to assess the flexibility needs of the system in the day-ahead, hour-ahead and real-time timeframes. Market structures and financial incentives need to be created for units internal and external to the CAISO to set-aside flexible capacity in the day-ahead and longer-term time frames to meet real-time uncertainty.

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