



**COMMENTS OF NV ENERGY
ISSUE PAPER/STRAW PROPOSAL
DAY AHEAD MARKET ENHANCEMENTS
DATED FEBRUARY 28, 2018
CAISO STAKEHOLDER PROCESS**

March 21, 2018

NV Energy appreciates the effort from CAISO staff to put together this issue paper and straw proposal and the opportunity to provide comments on the Day Ahead Market Enhancements initiative. At this time, NV Energy cannot comment on or express an opinion with regard to the overall proposals as it is too early in the process and more data is needed to make those determinations. However, NV Energy is supportive of one element of the proposal -- allowing the local regulating authority to designate the percentage of reserve imbalance that the region would be required to provide. This would allow states to maintain control over their resource adequacy procurement.

In addition, NV Energy respectfully requests CAISO to provide clarification to the following questions below.

I. Further Clarification Needed

- a.** The straw proposal states that Balancing Authority Areas will have imbalance reserve requirements and will have the ability to procure in sub-regional zones, however it is unclear if the Balancing Authority Area will be required to bring enough capacity or bid in supply to meet their load forecast plus the imbalance reserve requirement. What are the penalties or other consequences for not bringing enough capacity to the market? Or does CAISO plan to relax the constraint/requirement if not enough capacity is brought to the market, meaning that there may not be enough resources available to meet forecast plus uncertainty?
- b.** Will CAISO consider allowing the imbalance reserve product to be procured from the Load Serving Entities forecast? If a load serving entity or Balancing Authority Area demonstrates a certain forecast accuracy and procures Day Ahead to that forecast, will it lower their imbalance reserve product need?
- c.** Will it be possible for a participant external to a Balancing Authority Area to virtually bid in demand or supply on other Balancing Authority Areas nodes? If this is possible, will this action impact the imbalance reserve requirement and ultimately the imbalance reserve procurement for that Balancing Authority Area?
- d.** Is it possible for convergence bidding to impact the volume of resources that are committed in Day Ahead? Could CAISO show historical data on how far the bid



in demand and the CAISO Forecast of CAISO Demand minus Variable Energy Forecast is from the actual metered load? Additionally, it would be helpful if the hours that have the largest gap to meet actual load are compared to the hours with the highest volume in virtual bidding.

- e. The proposal states that only IFM committed resources or fast start resources can provide imbalance reserves. Will CAISO commit resources in the Day Ahead Market to meet the load forecast or only to meet bid in demand? Has CAISO studied the amount of resources that would be available for this imbalance reserve product and if this amount is sufficient to meet the historical deviation from cleared IFM demand to actual metered load? NV Energy is concerned that there may not be enough capacity available to meet actual load plus uncertainty if resources are not committed in the day ahead market to meet forecasted load.
- f. Can CAISO provide an estimated magnitude on the quantity needed for the imbalance reserve product with the methodology used to estimate the magnitude?
- g. Please describe further the relationship between:
 - The resource adequacy flexible resource requirement and must-offer obligation;
 - The real-time flexible ramp product;
 - The operating reserve requirement; and
 - The proposed imbalance reserve product.