

Day Ahead Market Enhancements Phase 1 Third Revised Straw - Stakeholder Comments

Submitted by	Organization	Date Submitted
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SCE continues to support the CAISO's needs to make the Day Ahead Market (DAM) better reflect Real Time conditions. Much progress has been made in this initiative, toward trying to meet that goal.

However, SCE remains concerned that, as yet, the existing proposal does not appear to quantify the many benefits from moving to 15 minute granularity. The basic benefits of reducing uncertainty and matching granularity, have been mentioned since the initiative inception, a year ago. Stakeholders are yet to see any estimation of the reduced impacts of these factors from the CAISO's proposal. On the other hand, stakeholders are aware of the certainty of monetary costs from such a proposal. The fourfold increase in bids and schedules are a certainty. The fourfold increase in settlements is a certainty. The reduced time available to submit bids to the DAM is a certainty. The longer delay in completing the DAM run is a certainty.

SCE cannot make a comprehensive determination of the value of this proposal without having a complete set of information of benefits vs costs.

1. Fifteen-Minute Granularity Design Features

Market Power Mitigation

The CAISO has proposed that fifteen minute market power mitigation will be addressed in the Local Market Power Mitigation Enhancements (LMPME) initiative. That initiative is past the final proposal publishing stage and SCE finds it highly unlikely that MPM will be addressed in that initiative. How does the CAISO intend to address the MPM design needs for the 15 minute DAM?

Settlement of Imbalance Energy

Recent volatility of FMM prices may make the FMM price unreliable for settlement purposes. SCE recommends that the CAISO propose settling imbalances at the higher of the five or the fifteen minute prices, rather than rely solely on the FMM price as an appropriate signal.

NGR participation

The CAISO proposes, "to implement a resource constraint in the real-time market to ensure the state of charge supports ancillary service awards."¹

How will the CAISO effectuate such a constraint? As SCs do not have any tools to manage state of charge (SOC), any feasible implementation of this component would require that the CAISO manage the SOC.

Status of Extended STUC

When cancelling the Extended STUC initiative, the CAISO had anticipated addressing the extended STUC need within DAME. SCE is not aware of the details proposed to address this and requests that the CAISO provide them.

Computing power available to the CAISO

SCE understands that the CAISO has encountered difficulties in realizing a feasible 15-minute unit commitment solution and thereby has resorted to proposing an hourly unit commitment solution.

SCE has no position on this aspect of the proposal. Rather, SCE's interest in the processing capability available to the CAISO stems from understanding the magnitude of the computing potential that the CAISO estimated since MRTU's inception. More specifically, SCE requests that the CAISO provide an estimate of the magnitude by which the CAISO's optimization's computing power has grown since MRTU start.

2. Fifteen-Minute Granularity Impacts to the Energy Imbalance Market

3. Energy Imbalance Market Governing Body Role

¹ Page 17. <http://www.aiso.com/Documents/ThirdRevisedStrawProposal-Day-AheadMarketEnhancementsPhase1.pdf>