California ISO

Stakeholder Comments Template

Day-Ahead Market Enhancements (DAME) Initiative

This template has been created for submission of stakeholder comments on the revised straw proposal that was published on June 8, 2020. Materials related to this initiative can be found on the ISO website at: http://www.caiso.com/StakeholderProcesses/Day-ahead-market-enhancements.

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on July 6, 2020.

Submitted by	Organization	Date Submitted
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Please provide your organization's overall position on the DAME revised straw proposal:

- ☐ Support
- ☐ Support w/ caveats
- ☐ Oppose
- ☒ Oppose w/ caveats
- ☐ No position

Please provide written comments on each of the revised straw proposal topics listed below:

1. **Updated market formulation:**

   No comment at this time.

2. **Accounting for energy offer cost in upward capacity procurement:**

   No comment at this time.

3. **Variable energy resources:**

   No comment at this time.

4. Market power mitigation for reliability capacity and imbalance reserves:

No comment at this time.

5. Please include additional comments including considerations for other possible solutions or concerns to any of the above topics:

Section 4.11 of the revised straw proposal addresses the treatment of Metered Sub-Systems (MSS). Please clarify whether the proposals[1] to 1) remove the option to opt out of RUC and 2) apply the standard settlement IRP allocations are intended to apply to both a Load Following MSS (LFMSS) and a non-Load-following MSS. If CAISO intends to apply these aspects of the revised straw proposal to an LFMSS, then please explain the reasoning behind this decision.

As noted in NCPA's March 26, 2020 comments, Section 12.6 of NCPA's Metered Subsystem Aggregator with CAISO opts NCPA out of RUC when it elects Load-following. The reason for this exemption is that an LFMSS is required to submit sufficient bids of capacity and energy in the Day Ahead Market to meet forecasted MSS Demand (as opposed to bid-in demand) and to balance MSS Demand with matching supply in each 5-minute interval in real time or else be assessed severe financial penalties. In other words, NCPA already provides CAISO with assurance that its loads and resources will balance over the course of the day, because NCPA takes the responsibility to both to plan for adequate capacity and to position its units to serve its variability. It therefore achieves for its own loads and resources the same result that CAISO presently seeks to address with RUC and in future seeks to address for the market as a whole with the new day ahead products. Because the new products are therefore not necessary to meet NCPA's MSS Demand, and are inconsistent with its underlying existing agreement with CAISO, it will be necessary to replace the LFMSS opt-out from RUC with provisions addressing the appropriate similar LFMSS treatment for reliability capacity products. Otherwise, how does CAISO intend to ensure that load following MSSs are not allocated the costs associated with the difference between day-ahead net demand forecast and non-VER physical supply schedules?

As for the IRP allocations, NCPA already manages its own demand variability and uncertainty in real time with a generation fleet consisting of multiple flexible resources. These resources utilize energy from Load Following Up and Down and reserve capacity to balance the MSSA portfolio as per the MSSA Load Following Deviation Energy Formula. Any resulting deviations above or below the formula specifications result in severe financial penalties. Due to these LF-MSSA obligations, CAISO will not be required to procure RCU, RCD, IRPU, or IRPD on behalf of MSS Demand and such costs must be allocated accordingly. In addition,

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[1] http://www.caiso.com/InitiativeDocuments/Presentation-Day-AheadMarketEnhancements-Jun15-17-2020.pdf Slide 62

it seems counterintuitive for the IRP allocation for an LFMSS to deviate from the allocation methodology established for the Flexible Ramping Product allocation.