

Submitted by	Company	Date Submitted
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**RE: CAISO’s 2021 Draft Policy Initiatives Roadmap**

The Public Power Council (PPC) thanks the CAISO for the opportunity to comment on its 2021 Draft Policy initiatives Roadmap. As the Energy Imbalance Market continues to expand across the West – and with the potential for an Extension of the Day Ahead Market– it is important that CAISO consider a diversity of perspectives when developing its Initiative Roadmap and we appreciate the opportunity to provide input.

PPC represents the interests of nearly 100 publicly owned utilities in the Northwest. Our members are impacted by the EIM and interested in the potential development of an EDAM from several different perspectives:

- as load serving entities in the potential EDAM footprint (as well as being in the current or planned EIM footprint);
- as current, planned or potential EIM participants;
- as possible EDAM participants – either as EDAM Entities, owners of participating generation, or both;
- as active participants (both as buyers and sellers) in Western bilateral markets which will be impacted by an EDAM; and
- and as purchasers of preference power and transmission services from BPA (whose transmission use and generation revenues stand to be impacted by EDAM whether or not BPA becomes an EDAM participant and will be impacted by BPA’s planned EIM participation).

PPC appreciated the CAISO’s hard work on initiatives in 2020 – in particular its efforts to improve the day-ahead market and explore the potential to extend that market more broadly across the West. We support this continued focus, as proposed in the CAISO’s draft 2020 roadmap, and recommend that CAISO continue to identify other areas of its existing markets – both day-ahead and EIM – that may need further review or improvement in order to support further expansion of its markets across the West and identify new initiatives accordingly. The addition of the Scarcity Pricing initiative is one such addition which has the potential to both improve existing markets and create a much stronger foundation for EDAM.

We look forward to another productive year of initiatives in 2021 and offer these comments in support of elements proposed in the CAISO’s 2021 draft initiatives roadmap.

### ***Primary Drivers of CAISO Three-Year Roadmap***

PPC appreciates the context provided by the CAISO highlighting the primary drivers behind the three-year road map:

- *Meet operational needs resulting from the changing resource fleet*
  - *Integrate new technologies to replace operational attributes previously provided by the thermal fleet*
  - *Enhance market products, modeling, and deliverability*
- *Enhance the day-ahead market and extend to EIM entities to leverage regional diversity to provide benefits across the West*
- *Align resource adequacy requirements and rules with changing operational needs and tightening western supply conditions<sup>1</sup>*

PPC supports CAISO's focus on these areas, particularly given recent supply shortages in the CAISO BAA. A combined focus on these three areas should both ensure that existing markets are functioning properly and create the opportunity for increased economic benefits and reliability across the West through the ability to better realize efficiencies of load and resource diversity. A thorough review of existing practices, using recent supply shortage events as an example, will be important to ensure that CAISO most efficiently deploys its resources to address these drivers.

PPC encourages CAISO to continue these reviews both internally and based on analysis performed by other entities including FERC, WECC, market participants and other expert entities and update both the Policy Initiatives Catalog and the Policy Initiatives Roadmap as needed.

### ***Addition of Scarcity Pricing Initiative***

PPC supports the addition and prioritization of the Scarcity Pricing initiative in the CAISO's 2021 roadmap. As started in the 2021 Final Policy Catalog, recent supply shortage events in CAISO's BAA have emphasized the need to review this important price formation issue, as have discussions on other initiatives such as System Market Power Mitigation. We support the addition of this as a separate initiative and concur with the need to prioritize this effort as proposed in CAISO's draft roadmap.

### ***Continued Work to Improve and Potentially Extend the Day-Ahead Market***

The ongoing work of both improving and potentially extended the day-ahead market stands to create significant benefits for both those inside and outside of CAISO's BAA. PPC supports CAISO's continued prioritization of work in this area and appreciates the thoughtful back and forth in both the DAME and EDAM initiatives to date. These continue to be high-value initiatives and will be critical for CAISO achieving the "primary drivers" it has established for the next three years.

### ***Continued Refinement of Resource Adequacy and Resource Sufficiency Rules***

CAISO's *Preliminary Root Cause Analysis* paper on the Mid-August heat storm recommend a number of important improvements to the Resource Adequacy program administered by the CAISO. In the final version of the 2021 Roadmap CAISO should clarify whether these proposed

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<sup>1</sup> 2021 Three-Year Policy Initiatives Roadmap and Annual Plan, pg. 4

improvements will be pursued through the existing RA Enhancements process or a separate initiative.

This summer's heat and supply scarcity events also highlight a need to review the current EIM Resource Sufficiency rules to better understand the effects of current rules under stressed system conditions. Such a review will be particularly important to complete prior to finalizing any EDAM policies on a day-ahead Resource Sufficiency test.

#### ***Commitment to Other Ongoing Initiatives***

PPC appreciates CAISO's commitment to finishing the Base Schedule Submission initiative in early 2021. This initiative follows up on a commitment made in the CAISO's Implementation Agreement with BPA and is important to PPC members. We also appreciate the CAISO's continued work on EDAM governance issues which is planned to conclude in early 2021. We note that there may be a need to extend portions of this initiative, consistent with the timing of EDAM market design. As proposed by the Governance Review Committee, the final EDAM governance proposal should be approved concurrently with the final EDAM market design.

#### ***Conclusion***

Thank you for the opportunity to comment. We continue to appreciate the hard work of CAISO staff and look forward to engaging with them and other stakeholders in 2021.