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PacifiCorp’s Comments on the Day-Ahead Market Enhancements Issue Paper and Straw Proposal

PacifiCorp hereby submits the following comments to the California Independent System Operator Corporation (“ISO”) on the Day-Ahead Market Enhancements issue paper and straw proposal that was published February 28, 2018, (“Issue Paper Straw Proposal”). PacifiCorp appreciates the opportunity to provide comments for the ISO’s consideration.

Introduction

The ISO states in its Issue Paper Straw Proposal that the purpose of the initiative is to improve grid reliability and efficiency of its day-ahead market. The ISO proposes the following enhancements to achieve these improvements:

- Change the day-ahead market from hourly to 15-minute scheduling granularity;
- Combine the integrated forward market (“IFM”) and residual unit commitment (“RUC”) processes; and
- Procure imbalance reserves that will have a must offer obligation to submit economic bids for the real-time market.

PacifiCorp understands that this initiative proposes enhancements to the ISO’s day-ahead market in the ISO balancing authority area (“BAA”), and that the scope of extending the day-ahead market to energy imbalance market (“EIM”) entities will be addressed in a separate stakeholder initiative. PacifiCorp generally supports the enhancements proposed in the Issue Paper Straw Proposal and offers specific comments on the 15-minute scheduling granularity and imbalance reserves procurement proposals as follows.

Fifteen-Minute Scheduling Granularity

PacifiCorp understands that the ISO’s proposal to move to 15-minute scheduling granularity will not change the current requirement to submit bids on an hourly basis for both the day-ahead and real-time markets. However, the awarded amount will have the ability to change for each 15-minute interval in the hour. Similarly, scheduling coordinators will have the option to select block



scheduling for resources; if a block schedule is selected, the schedule will remain at the same value for the duration of the operating hour, and if a block schedule is not selected, the resource schedule may be changed on a 15-minute basis.

Currently, EIM participants submit hourly base schedules for participating and non-participating resources. During its March 7, 2018, stakeholder meeting, the ISO stated that 15-minute scheduling granularity will likely be available in the real-time market and the EIM once it is implemented for the day-ahead market. PacifiCorp strongly supports an enhancement that would provide the capability to submit 15-minute base schedules in the EIM, as it would give EIM scheduling coordinators the ability to better manage their non-participating resources across the hour. PacifiCorp requests that the ISO provide further details on implementation of this real-time market enhancement, particularly with respect to when it will be available in the EIM.

Procurement of Imbalance Reserves

In its Issue Paper Straw Proposal, the ISO proposes to procure day-ahead imbalance reserves, which will have a must offer obligation in the real-time market, to ensure sufficient real-time economic bids are available to resolve deviations that occur between the IFM and the real-time market in the ISO's BAA. The ISO further proposes to allocate costs of this imbalance reserves product consistent with existing ISO cost allocation guiding principles, particularly the cost-causation principle. In other words, the ISO intends to allocate day-ahead imbalance reserves costs to resources that create the need for the imbalance reserves in the real-time market. PacifiCorp requests assurance that EIM resources and loads will not be allocated costs associated with the ISO's day-ahead imbalance reserves. Further, PacifiCorp would like clarification and details on how the ISO will isolate its resources and load for cost allocation of the day-ahead imbalance reserves product.

Conclusion

PacifiCorp appreciates the ISO's consideration of these comments and looks forward to the ISO's response.