



Stakeholder Comments Template

Day-Ahead Market Enhancements

This template has been created for submission of comments on proposed market design options discussed with stakeholders during the June 20, 2019 Day-Ahead Market Enhancements workshop. Information related to this initiative is available on the initiative webpage at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/Day-AheadMarketEnhancements.aspx>.

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on July 11, 2019.

Submitted by	Organization	Date Submitted
<i>Rick Applegate (253.502.8012)</i>	<i>Tacoma Power</i>	<i>7/11/2019</i>

Please provide comments on the proposed formulation options described below. In your comments, please explain your rationale and include examples if applicable. Also, recommend any analysis and data that your organization believes would be helpful to review on these option. Include details and explain your reasoning for the type of analysis and data that you suggest.

- At this time, does your organization support moving forward with **Option 1: Sequential Integrated Forward Market followed by an after-market Reliability and Deliverability Assessment (Sequential IFM-RDA)**, **Option 2: Integrated IFM and Residual Unit Commitment (Integrated IFM-RUC)**, or **undecided**. Provide supportive comments (in favor of, or in opposition to) below.

<p><u>Option 1:</u></p> <p><input type="checkbox"/> Support</p> <p><input type="checkbox"/> Support with caveats</p> <p><input checked="" type="checkbox"/> Oppose</p> <p><input type="checkbox"/> Undecided</p>	<p><u>Option 2:</u></p> <p><input type="checkbox"/> Support</p> <p><input checked="" type="checkbox"/> Support with caveats</p> <p><input type="checkbox"/> Oppose</p> <p><input type="checkbox"/> Undecided</p>
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Option 1: Sequential IFM-RDA

Generally, Tacoma Power favors an integrated approach to procuring energy, capacity, and flexibility. In our view, procurement of these attributes necessary for reliable operation should occur simultaneously and be co-optimized for a least cost resource dispatch across all market offerings by all market participants. Such an arrangement provides suppliers with a single unambiguous market process in which to offer these attributes. We also believe that it would yield clearer and more consistent price signals for market participants.

By contrast, Tacoma Power has concerns about using a sequential approach to obtaining energy, capacity, and flexibility where these attributes are procured through separate market processes. In our view, this approach risks committing resources well suited to provide capacity and flexibility to instead provide energy, or vice versa. The end result is a potentially inefficient resource dispatch as the result of running separate market processes. Further, it could also confuse or frustrate suppliers who are uncertain as to which process to emphasize their participation because they cannot foresee which process will yield the best market price for their resources.

Because the sequential IFM-RDA proposal operates by a sequential approach as opposed to an integrated approach, Tacoma Power believes that Option 1 misses an opportunity to best obtain capacity and flexibility to meet the CAISO's needs for ramping and an ability to meet net load uncertainty.

Option 2: Integrated IFM-RUC

As described above, Tacoma Power favors an integrated approach to the procurement of energy, capacity, and flexibility; accordingly, Tacoma Power believes that CAISO's Option 2 represents a potentially significant improvement to the CAISO's day-ahead market.

2. Please identify any specific data analysis that your organization recommends. Indicate the data request(s), the purpose of the request(s), and how the request(s) will advise the determination of the day-ahead market formulation, or will assist with determining the procurement target for the new day-ahead product.

Tacoma Power has no requests for specific data analysis.

3. Please offer any other feedback your organization would like to provide on presentation materials and discussion for the June 20, 2019 Day-Ahead Market Enhancements stakeholder workshop.

Tacoma Power agrees with CAISO's assessment that it needs to increase its ramping capability, address net load uncertainty, and assure deliverability. Additionally, we acknowledge the challenge presented when the IFM procures less physical energy than

the demand forecast because of the participation of virtual supply and virtual load. In identifying concerns with the current market design and proposing new market mechanisms in Options 1 and 2 for stakeholder consideration, Tacoma Power believes that CAISO has taken an excellent approach. In this spirit, we look forward to working with CAISO and other stakeholders to further refine Option 2, which we believe could yield a significantly improved day-ahead market design.