

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. Extended to July 13, 2020.

Submitted by	Organization	Date Submitted
<i>Rodrigo Avalos,</i> Rodrigo.Avalos@water.ca.gov	CDWR	July 10, 2020
<i>Geoff Gong,</i> Geoff.Gong@water.ca.gov		
<i>Mohan Niroula</i> Mohan.Niroula@water.ca.gov		

Please provide your organization's overall position on the DAME revised straw proposal:

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

In general, CDWR supports CAISO's Day-Ahead Market Enhancements (DAME) but would like more clarification on certain subjects. CAISO's clarification will allow CDWR to further assess the impact of DAME design on its resources.

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

1. Updated market formulation:

Can the CAISO please clarify whether the new DAM will replace the IFM and RUC by using co-optimized Energy, RCU/RCD, IRU/IRD, and AS, or replace the RUC and retain the IFM.

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

CDWR has no comments at this time.

3. Variable energy resources:

CDWR has no comments at this time.

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

CDWR has no comments at this time.

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

CDWR has the following additional comments:

Flexible Ramp Up/Down Clarification

On several slides of the June 15 and 17 presentation¹, CAISO refers to Flexible Ramp Up/Down (FRU/FRD). It appears that Flexible Ramp Up/Down (FRU/FRD) should have been Imbalance Reserve Up/Down (IRU/IRD) as IRU and IRD would be the day ahead products as shown in slide #9. On slide #31, CAISO indicates that Must Offer Obligation (MOO) will apply for RCU/RCD and FRU/FRD awards. However, on slide #70, CAISO indicates that DA RA obligation would be for energy, RCU/RCD, and IRU/IRD. Slide #70 also indicates that Flex RA provides energy, RCU/RCD, and IRU/IRD. Does this mean that award from DA IRU/IRD will become FRU/FRD MOO in real time?

CDWR repeats below some of the comments it submitted for the Straw Proposal². CAISO's direct response to CDWR's comments would allow CDWR to assess impact on its resources including participating load on must offer requirements.

- **Existing Participating Load Model Limitations**

According to slide #70 of the June 15 and 17 presentation, a participating load providing local/system RA will have to offer DA energy, and DA RCU/RCD. Similar to SWP's request on clarification (section 3 of SWP's previous comments referenced above), the current model used for the participating load may not be suitable to offer energy drop in the DA and RCU/RCD in DA. The current model allows only non-spin offer to meet RA obligation.³ Therefore, in order for a participating load to offer system or local RA, its current model limitation should be assessed and compared with what is proposed as DA MOO to determine whether a participating load can offer DA energy in the form of load drop and RCU/RCD as capacity compared to the current non-spin capability.

¹ <http://www.aiso.com/InitiativeDocuments/Presentation-Day-AheadMarketEnhancements-Jun15-17-2020.pdf>, specifically slides 28, 29, 30, 31, 34-38,

² <http://www.aiso.com/InitiativeDocuments/CDWRComments-Day-AheadMarketEnhancements-StrawProposal.pdf>

³ CAISO Tariff Section 40.6.4.3.

- **Eligibility Table Clarification**

The proposal indicates a participating load eligibility as shown in appendix A (see excerpt below):

Appendix A: Eligibility Table

	EN	RCU	RCD	EN needed for RCU/D award	IRU	IRD	EN needed for IRU award	EN needed for IRD award
Participating Load w/ 15-Min dispatch capability	Yes	Eligible	Eligible	None	Eligible	Eligible	EN >= Pmin EN <= Pmax - IRU	EN <= Pmax EN >= Pmin + IRD
Participating Load w/ Hourly dispatch capability	Yes	Eligible	Eligible	None	Not Eligible	Not Eligible	N/A	N/A

CDWR requests clarification on the eligibility table as follows:

1. Which category does CDWR’s current participating load belong to (15 minute or hourly dispatch capability) based on the current model?
2. Can “EN” requirement be met by non-spin offer in DA from a participating load? As described in CDWR’s comments, a participating load can offer non-spin in the DA and non-spin award in the DA will be offered in the RTM market as energy for load drop.
3. How can a participating load offer RCU/RCD in DA with the existing model which only allows non-spin to offer in DA? If it cannot offer RCU/RCD in DA market, what would be the MOO for such participating load?
4. What will be the RTM MOO for a participating load that is able to offer EN, RCU, RCD?

- **Cost Allocation Clarification**

CAISO proposes to recover the uplift costs of reliability capacity up/down and imbalance reserves up/down through a two-tier cost allocation methodology (Page 28).

1. Can the CAISO please provide cost allocation examples to demonstrate how virtual supply, virtual demand, load (under and over scheduled), and metered demand will be allocated costs?
2. Can the CAISO please explain how the examples follow its Cost Allocation Principles⁴?
3. Can the CAISO please explain why a two-tier cost allocation methodology is used?

⁴ <http://www.caiso.com/Documents/DraftFinalProposal-CostAllocationGuidingPrinciples.pdf>