

**Stakeholder Comments Template
Day-Ahead Market Enhancements Initiative**

This template has been created for submission of comments on proposed market design options discussed with stakeholders during the August 13, 2019 Day-Ahead Market Enhancements working group meeting. 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 August 27, 2019.

Submitted by	Organization	Date Submitted
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Please provide comments on the preferred market structures that were discussed during the August 13, 2019 working group meeting. Include the pros and cons for each option.

- At this time, does your organization support moving forward with **Option 1: Financial**, **Option 2: Financial + Forecast**, 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 checked="" type="checkbox"/> Support with caveats</p> <p><input 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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CDWR continues to evaluate both options and does not oppose either option at this time. CDWR would like the following clarifications made in the next proposal:

- How will imbalance reserves (IR) and reliability capacity product costs be allocated? CAISO should explain how it plans to adhere to its cost allocation

principles.¹ CDWR would like CAISO to provide cost allocation examples to allow for more detailed analysis on economic impacts.

- In general, which resource types (load, supply, interties, virtuals) will be allowed to bid for the new IR and reliability capacity products and how will these resources be compensated. Will self-scheduled bids be allowed or only economic bids? Will certain resource types not be allowed to bid? Please clarify must-offer vs. voluntary bids.
- Please address specifically how the current resource adequacy (RA) bidding options and exemptions for participating loads and hydro generation resources will change with the introduction of IR and reliability capacity products. Currently, hydroelectric generating units and pumping loads are not required to bid in Residual Unit Commitment (RUC).² Because RUC may be replaced with IR and reliability capacity products, CDWR would like to ensure that hydroelectric generating units and participating loads continue to be exempt from any day-ahead RUC (or product replacing RUC) must offer requirements. CDWR would also like to ensure that participating loads continue to have the option to meet their RA obligations by offering non-spin with a contingency flag in the day-ahead market, followed by an energy bid in the real-time market to support any day-ahead market non-spin award.³ A participating load currently uses the extended non-participating load model for bidding and scheduling. Any further requirement, such as IR and reliability capacity product, imposed on a participating load RA capacity beyond non-spin offer in the IFM may not be feasible with the extended non-participating load model.
- As the design of the DAME progresses, please show potential economic impact to overall market and by market participant (load, supply, interties, virtuals).
- Please clarify the relationship and/or codependency between the DAME, RA Enhancements, and Extend DAM initiatives.

¹ <http://www.caiso.com/Documents/DraftFinalProposal-CostAllocationGuidingPrinciples.pdf>

² CAISO Tariff, section 40.6.4.2

³ CAISO Tariff, section 40.6.4.3

Option 1: Financial

- Co-optimizes bid-in demand, ancillary services and imbalance reserves
- Imbalance reserves cover historical uncertainty between IFM cleared net load and FMM net load
- Exceptional dispatch if IFM clears inconsistent with operational needs

CDWR has no comments on the pros and cons of option #1 at this time.

Option 2: Financial + Forecast

- Co-optimizes bid-in demand, ISO reliability capacity, ancillary services and imbalance reserves
- Imbalance reserves cover historical uncertainty between ISO's day-ahead net load forecast and FMM net load
- Reliability capacity covers differences between ISO net load and cleared net load
- Exceptional dispatch if IFM/RUC clears inconsistent with operational needs

CDWR has no comments on the pros and cons of option #2 at this time.

Please offer any other feedback your organization would like to provide on presentation materials and discussion for August 13, 2019 Day-Ahead Market Enhancements stakeholder working group meeting.