



Day-Ahead Market Enhancements

Stakeholder Workshop
3/07/2023

Response to SCE presentation

- On imbalance reserves in RUC
 - Lose the co-optimization benefit and opportunity costs
 - Potentially deplete the 15-min capacity that would be available in RUC to procure them, leading to potential artificial scarcity and higher frequency of EDAM RSE failures
- On concerns about virtual arbitrage
 - There are deployment scenarios in real-time that are consistent with what is proposed for DAME. Virtual arbitrage should be worse under conditions where you have inconsistency in market models between DA and RT.
 - DAME corrects an existing virtual arbitrage issue in which the virtual bidder receives/pays compensation for forecasted movement in IFM embedded in the DA LMPs and does not settle them in RT.

Response to SCE presentation

- On virtuals and congestion
 - It is the policy of the IFM to consider virtual energy schedules as if they were physical energy schedules, because it is assumed that they supplement physical supply and demand schedules
- On “phantom congestion”
 - The market is reserving space on the transmission system to accommodate a range of outcomes. Deployment scenarios are similar to contingency constraints that are solved simultaneously with the base case, and is the same method used for nodal FRP in real-time. Assuming all of the imbalance reserve is deployed and “flows” as energy is a conservative assumption but necessary to ensure that all of the imbalance reserves procured are deployable if you need them.