

**Comments of Powerex Corp. on  
Extended Day-Ahead Market  
Issue Paper**

Submitted by	Company	Date Submitted
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Powerex appreciates the opportunity to submit comments on CAISO’s October 10, 2019 paper *Extending the Day-Ahead Market to EIM Entities Issue Paper* (“Issue Paper”). Powerex strongly supports the joint comments of the EIM Entities being submitted concurrently. These limited individual comments reflect Powerex’s specific perspective as a seller of wholesale electricity products supported by the capability of a storage hydro system located in the Northwest.

In Powerex’s view, an organized day-ahead market with hourly transaction granularity is increasingly necessary throughout the Western Interconnection. The use of variable energy resources (“VERs”) continues to grow tremendously across the region, leading to increased uncertainty and variability in net load. At the same time, a significant quantity of conventional fossil-fueled generation has been retired, with further retirements to come. These retirements have contributed to tighter overall supply conditions, both in terms of the capacity available to meet peak loads and the flexibility available to respond to rapid changes in net load. As a result, the evolving needs of entities across the west are an increasingly poor match for the standard 8-hour and 16-hour block energy products commonly traded in the day-ahead bilateral markets. Accordingly, ***Powerex believes it is necessary to develop a modern, hourly, day-ahead market platform capable of efficiently meeting the evolving needs of western market participants.***

Powerex believes that a well-designed Extended Day-Ahead Market (“EDAM”) with an appropriate governance framework can provide significant value to Northwest hydro entities and their ratepayers. However, such entities have circumstances, priorities and interests that materially differ from those of other entities and regions. In particular, Northwest hydro entities are net sellers of energy, capacity, flexibility, environmental attributes and other reliability services in the wholesale electricity markets. The provision of each of these attributes enhances reliability, supports renewable resource integration, and lowers consumer rates for other entities across the west. The revenues earned from such wholesale market sales also ultimately lower the retail rates of Northwest hydro entities. Northwest hydro entities thus have an important interest in ensuring that an EDAM equitably values storage hydro attributes.

Powerex recognizes that the interests of Northwest hydro entities and their ratepayers are likely very different from the interests of other potential EDAM entities and regions. In particular, the EDAM will include entities, such as load-serving entities in the CAISO BAA, that need to obtain energy, capacity, flexibility, environmental attributes and/or other reliability services from other entities in the west. In addition, potential EDAM entities include investor-owned utilities, public power entities, and one or more federal power marketing agencies. The exploration of an EDAM will require carefully balancing these diverse interests and circumstances. Ultimately, a successful

EDAM will require compromise from all entities. However, Powerex is optimistic that an EDAM design can be identified in which the additional potential benefits each entity receives outweighs the cost of these compromises.

Powerex looks forward to robust and constructive collaboration in pursuit of this landmark initiative.