



Stakeholder Comments Template

Day-Ahead Market Enhancements Phase 1 Initiative

This template has been created for submission of stakeholder comments on the straw proposal that was published on February 7, 2020. The proposal, February 10, 2020 Stakeholder meeting presentation, March 5, 2020 Stakeholder call presentation, and other information related to this initiative may be found on the initiative webpage 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 March 26, 2019.

Submitted by	Organization	Date Submitted
Andrew Meditz (916) 732-6124 Martha Helak (916) 732-5071 Bill Her (916) 732-6395	Sacramento Municipal Utility District (SMUD)	March 27, 2020

The Sacramento Municipal Utility District (SMUD) provides the following comments on the CAISO’s Day Ahead Market Enhancements (DAME) Straw Proposal, dated February 3, 2020 (Straw Proposal), and the subsequent stakeholder meetings. SMUD currently participates in the Energy Imbalance Market (EIM) through the Balancing Authority of Northern California, and is exploring the feasibility of the Extended Day Ahead Market (EDAM) initiative. In addition, SMUD is an active participant in the CAISO’s day-ahead and real-time markets over the interties. Accordingly, SMUD has a direct interest in this initiative from both a market and reliability perspective.

SMUD appreciates the opportunity to comment on this initiative.

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

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

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

1. New day-ahead market products, including reliability energy, reliability capacity, and imbalance reserves.

SMUD generally supports the new day-ahead market products in the Straw Proposal. These products provide reliability attributes that are critical for the CAISO's dynamic grid that relies on a large and growing renewable resource portfolio, like solar and wind. Under the Straw Proposal, supply resources will be compensated for their flexibility and ramping capability which will help ensure adequate resources are secured in the day-ahead to meet load and forecast needs.

2. Settlement and cost allocations.

The Straw Proposal indicates that costs are allocated to Metered Demand, which is defined as CAISO Load and does not include Exports. This would be consistent with the current RUC process that allocates costs to internal load only, and under the Straw Proposal, the Reliability Capacity Up/Down process (which replaces the RUC process) will be co-optimized with the day-ahead energy procurement. SMUD would appreciate the CAISO confirm our understanding .

3. Bidding rules and offer obligations.

No comment at this time.

4. Scheduling rules for variable energy resources.

The proposed scheduling rules are reasonable, including the proposal to use the CAISO's forecast of a resource to set the reliability energy schedule. This will provide a consistent methodology and ensure the schedule does not exceed the forecast.

5. Deliverability approach for reliability capacity and imbalance reserves.

No comment at this time.

6. Approach for congestion revenue rights.

We ask that the CAISO clarify whether it intends for reliability energy (REN) schedules to impact the congestion component of the Energy LMP. Page 4 of the March 5th presentation includes the two components (EN and REN), however, it is not clear if the 2nd LMP is to determine prices for just the REN products or a

duplicate of the Energy LMP which allows REN to affect the congestion component for CRR purposes. As a general matter, REN schedules should not affect the congestion component of LMPs for the market as a whole. Doing so redistributes what are currently RUC costs to *all* participants instead of CAISO Load under the current structure. If REN affects the Energy LMP, this allows the operator forecast and reserve planning to influence the outcome of market prices for not only CRRs, but overall energy prices as well. Not all market participants are eligible to participate in CRR allocations to address potential impacts of congestion. SMUD believes participants that do not contribute to the need for REN should not be subject to cost allocations indirectly by its effects on the congestion component of the LMP. While SMUD has no issue with REN affecting CRRs, SMUD does not support REN affecting Energy LMPs.

7. Approach for local market power mitigation.

While SMUD has no issue with the proposed concept of local market power mitigation, the development of appropriate default capacity bids will be important to the success of any mitigation program.

8. Regression approach to determine the imbalance reserve requirement.

No comment at this time.

9. Additional comments: