



## **Submit comment on July 13, 2021 workshop presentations and discussion**

Initiative: External load forward scheduling rights process

### **1. Please provide your organization's perspective on the stakeholder presentations and any near-term or long-term enhancements that were presented, as well as any other aspects of their presentation.**

For purposes of these comments, the Joint California LSEs include CalCCA, PG&E, SCE, SDG&E, the Six Cities, and the Bay Area Municipal Transmission Group.

The Joint California LSEs appreciated the opportunity to hear from different stakeholders on their perspectives for the direction and guiding principles for this initiative. In particular, after a challenging and contentious stakeholder initiative to create an interim solution for summer 2021, the Joint California LSEs value the openness and cooperative nature of the other stakeholders participating in the workshop. We hope that all stakeholders share a goal of creating a long-term, durable solution that equitably balances the need and right to protect the reliability of service to native load along with providing fair and open access to the CAISO grid for external parties. The Joint California LSEs look forward to engaging further with the diverse group of stakeholders to create a long-term policy that provides certainty that the CAISO can serve native load and affords external parties confidence in their ability to access the CAISO grid.

While generally a constructive workshop, the Joint California LSEs have concerns that some stakeholders may still be focused upon matters that have already been settled by FERC. The continued argument that the CAISO RA framework undermines external transmission rights is unproductive, as it is irrelevant to the core issues in this initiative and disregards FERC policy. This initiative is not focused on the FERC-accepted CAISO RA framework but, rather, on fairly allocating the CAISO's limited transmission capacity during tight system conditions. The proper venue to express perspectives regarding the RA framework is the ongoing RA Enhancements initiative. Moreover, the question of whether the CAISO is undermining external transmission rights has already been addressed by FERC in its recent order accepting the export, load, and wheeling priorities tariff amendments. FERC

disagree[d] with protestors that CAISO's proposal constitutes a degradation of any firm transmission products. CAISO's proposal only established scheduling priorities across the CAISO-controlled transmission system. Firm transmission rights to the boundary of CAISO's system do not grant firm transmission rights across CAISO's system, which, as noted above, do not exist.

(P 146). Indeed, this is true for any use of transmission crossing multiple Balancing Authorities. Holding of firm transmission rights in one BA does not provide for firm transmission rights in any

other BA. Continuing to entertain this erroneous argument will only frustrate the advancement of this initiative.

In addition, parties that express concern regarding the perceived devaluation of transmission rights on external systems should recognize that, under the current tariff provisions, wheeling transactions over the CAISO system provide no long-term, on-going support for the costs of the CAISO grid. In contrast to CAISO LSEs, who pay CAISO grid costs on an on-going basis, entities that use the CAISO grid for wheeling transactions pay the Wheeling Access Charge only when they choose to schedule wheeling transactions. Such intermittent payments are not comparable to the cost responsibilities borne by CAISO LSEs, and they do not provide a basis to argue for a curtailment priority equivalent to CAISO load.

## **2. Please provide your organization's perspective on the proposed phasing of the initiative.**

The Joint California LSEs propose CAISO work toward taking a conceptual long-term framework and a First Phase of Implementation to the CAISO Board in March 2022 followed by development of long-term implementation details in a later stage(s). Acknowledging the difficulty of implementing a long-term solution due to the likely changes with interdependent CAISO processes (e.g., MIC, TPP), the First Phase could use simplified studies and processes until long-term studies and processes can be developed and implemented.

## **3. Please provide your organization's suggestions on near-term enhancements to the interim scheduling priority framework and requirements that could be implemented by summer 2022.**

*This includes suggestions on improvements regarding establishment of PT wheel and PT export status, and associated validations and processes.*

The Joint California LSEs continue to support the enhancements as described in our presentation in the "Suggested First Phase" slide (Slide 8, see below), as it would move the CAISO toward a long-term solution similar to the common practices of other RTO/ISOs.

## Suggested First Phase for 2022

- Simplified or expedited studies with assumptions on imports used by MIC and current TPP studies to estimate transmission available for curtailment priority
- Release available curtailment priority with payment of WAC for 2022 with monthly and yearly intervals (for curtailment priority equal to native load). Customer would pay for the service for the whole period reserved regardless of use.
- Implement commitment process after determination of capacity required for reliable service to native load (including a reasonable CBM)
  - If all requests for curtailment priority are not feasible, allow for prioritization based on a set of objective factors (e.g., the length of requested commitment, offer price, or historical usage)

The Joint California LSEs believe that one early phase enhancement where there may be alignment with external entities is the implementation of a new product where external parties would pay the CAISO directly for a high curtailment priority when capacity is available. Although we supported the external firm transmission rights requirement as an interim solution to ensure that an external entity is adequately committed to the CAISO grid such that a high curtailment priority within the CAISO system is appropriate, we do not view this as the most efficient market design. The Joint California LSEs suggest removing the need for this proxy by creating a high curtailment priority product as described in our presentation. Through the payment for this product, an external party would be providing sustained cost support for the CAISO grid. Moreover, it is consistent with the standard practices of other BAAs and RTOs.

In regard to PT exports, the Joint California LSEs would like the CAISO to consider certain enhancements to ensure that (1) a PT export is actually deliverable to the indicated export intertie, and (2) resources significantly deviating from their export schedules are curtailable. It is unclear if these enhancements can be implemented in a near-term timeframe, but we believe these should be explored as a part of this initiative.

**4. Please provide your organization's suggested principles and/or objectives for a long-term, durable, framework.**

Again, the Joint California LSEs support the framework described in our presentation on Slide 6. We believe this framework represents a reasonable solution that appropriately balances the need to reliably serve native load while also providing fair access to external entities. Moreover, it is consistent with the standard practices of other RTO/ISOs.

**5. Please provide your organization's perspectives on a problem statement that should guide development of a long-term framework.**

Consistent with our presentation (Slide 4), the Joint California LSEs offer the following problem statement:

Develop principles and provisions for access to the CAISO grid for wheeling transactions and exports consistent with FERC's Open Access Transmission policy, including priority for native load requirements.

**6. Please provide your organization's suggestions for any approaches or frameworks that the ISO should consider for a long-term solution.**

*If possible or if available, please include references to any supporting documents whether FERC guidance, benchmarking of practices, or any other supporting information.*

The Joint California LSEs believe the recent FERC decision approving the export, load, and wheel-through tariff amendments provides the CAISO with helpful guiding principles for near- and long-term solutions. In particular, we would like to highlight the following principles from that decision:

- The transmission operator can reserve capacity in order to reliably serve its native load (P 143)
- The requirements for native load and external entities do not need to be equal (P 152)
- External transmission rights should not affect the priority internal to the CAISO (P 146)

The standard practices of other RTOs/ISOs have informed our long-term framework, and we encourage the CAISO to continue to look toward these standard practices to evaluate how they can be applied within the CAISO market.

**7. Please provide your organization's perspectives on any seams issues between the Open Access Transmission Tariff (OATT) paradigm and the CAISO's organized market paradigm that should be addressed as part of the long-term framework development.**

The inconsistencies between the OATT paradigm's transmission framework and the CAISO's market design, which completely lacks physical transmission rights, create significant seams issues. The Joint California LSEs believe that the CAISO should not weaken the CAISO's market-based open access paradigm and need not seek to perfectly align its practices with those of OATT BAAs. Instead, the CAISO should strive to create a process that provides additional clarity to external parties through the CAISO's existing market structures. Through clearer rules around prioritization, the confusion and lack of certainty regarding wheeling access claimed by external entities regarding their resource planning and transacting should be alleviated. Given the different models, it is unlikely that seams issues will be fully addressed through this initiative, at least during the initial phase.

**8. Please provide comments on any other aspects of the initiative or workshop presentations.**