



Submit comment on Issue Paper

Initiative: External load forward scheduling rights process

1. Please provide your organization's perspective on the proposed Phase 1 scope items and timeline described in the issue paper:

The Joint CA LSEs are disappointed by the CAISO's decision to reject our proposed interim framework. The current scheduling parameters do not appropriately prioritize CAISO BAA reliability, and we do not support the CAISO's proposed timeline, which will leave this interim solution in place until 2024. We believe that any near-term enhancements proposed within Phase 1 should improve CAISO BAA reliability beyond the current scheduling parameters and be implementable by June 1, 2022.

It is essential that the CAISO set realistic expectations for implementation and ensure that the current tariff provisions remain in place after the May 31, 2022 sunset date. Our understanding is that the near-term enhancements will build off those provisions; however, we are concerned that some items that the CAISO has identified as in scope for this initiative, such as changes in curtailment deadlines and changes in market systems related to high priority ("PT") exports, may pose significant implementation challenges. Our concern is that the failure to develop and implement at least some elements of these Phase 1 items could lead to a scenario where the previously-applicable penalty parameters are re-implemented temporarily, leading to significantly decreased reliability for a portion of next summer. This result is unacceptable to the Joint CA LSEs. As such, the CAISO must consider its timeline carefully and evaluate options for tariff filings to ensure that the current penalty parameters remain in effect until replacement provisions are implemented.

The Joint CA LSEs support the CAISO's inclusion of a solution to mitigate impacts of underproduction of resources supporting PT exports. We look forward to working collaboratively with the CAISO to find a viable solution.

The Joint CA LSEs are concerned that a Day-Ahead E-Tag requirement could lead to market power concerns related to the availability of transmission on external systems as well as create a new seams issue. It appears that the majority of the transmission rights leading to COB and NOB are held by a limited group of entities that may have the ability to exert market power if parties were required to procure transmission in the Day-Ahead timeframe. Also, a Day-Ahead E-Tag requirement would be inconsistent with current NERC requirements across the West, thereby creating an additional seams issue. For these reasons, we do not currently support a Day-Ahead E-Tag requirement. The suggestion to move the pro rata curtailment allocation to after the T-20 deadline, as outlined in comments submitted by Shell Energy North America (US), L.P. ("Shell"), could have some merit, but the Joint CA LSEs are reserving any substantive comments on the Shell approach until after a more detailed proposal is available.

2. Provide your organization's suggestions on any additional near-term enhancements that should be considered as part of the initiative Phase 1 scope:

The Joint CA LSEs encourage the CAISO to consider changes to the tariff to better define what should be treated as Resource Adequacy capacity. Specifically, we ask the CAISO to address the comments made by the CPUC Energy Division regarding the fact that RMR and CPM resources are not currently treated as RA capacity in the post-HASP allocation. For the purpose of Phase 1 scoping, we ask that the CAISO consider if these resources should be treated as RA capacity in the allocation. At this time, the Joint CA LSEs believe that the comments offered by the CPUC Energy Division have merit. There appears to be no valid reason not to treat these resources comparably to RA capacity in the post-HASP allocation process; indeed, these resources share many of the same performance obligations as RA capacity, and LSEs within the CAISO are funding the performance of these resources' CPM and RMR obligations. As such, RMR and CPM resources should be prepared to participate fully in all of the CAISO's market processes, to be subject to comparable offer and participation obligations, and to provide all of their reliability attributes to the CAISO in exchange for the capacity payments that they recoup pursuant to the RMR and CPM programs. It is equally important that the CAISO ensure deliverability of these resources at the same level of priority as RA resources.

3. Provide your organization's perspective on Phase 2 scope of the initiative and timeline - the development of a forward transmission reservation process for establishing scheduling priorities in the market:

The Joint CA LSEs support the CAISO's plan to pursue a forward transmission reservation process that will allow for reasonable native load protection and respect existing CAISO market frameworks. The key components of the process that the CAISO has thus far identified seem reasonable and consistent with our understanding of the common practices of other BAAs and RTOs/ISOs.

The Joint CA LSEs ask the CAISO to provide more detail regarding the processes that overlap with this initiative (e.g. Transmission Planning Process and Congestion Revenue Rights Auction and Allocation Process) and their respective timelines. Acknowledging that at this early stage the exact scope of the proposal is not known, it would be helpful to understand when changes to these overlapping processes would be required in order to operationalize the Phase 2 proposal.

4. Provide your organization's perspective on the guiding principles for the development of a long-term, holistic, framework for establishing scheduling priorities in the market:

The Joint CA LSEs would like to underscore the importance of reserving adequate capacity to meet native load requirements. We again emphasize that, similar to every other BAA and as prescribed by FERC policy¹, BAAs can reserve transmission capacity in order to reliably serve their native load. Only after a BAA is confident that it is able to serve its native load is it required to provide broader access to its system. Ensuring that the CAISO BAA can reliably serve native load will be paramount in fostering participation in the potential expansion of the CAISO market across the West.

The Joint CA LSEs would also like to point out that, while minimizing seams issues between the CAISO market and OATT BAAs may be desirable, *eliminating* seams issues will not be possible, nor should it be the goal of this initiative. The basic framework proposed by the CAISO should reduce some of the most significant seams issues. The Joint CA LSEs ask that the CAISO, however, work

¹ "We conclude that the native load priority established in Order No. 888 continues to strike the appropriate balance between the transmission provider's need to meet its native load obligations and the need of other entities to obtain service from the transmission provider to meet their own obligations." FERC Order 890 P. 107.

toward solutions that are in alignment with the CAISO market structure instead of reverting to the OATT model. Rather, the Joint CA LSEs urge the CAISO to work cooperatively with neighbors to evaluate ways in which their market participation may advance beyond the OATT model.

5. Provide your organization's perspective on the structure of the suggested stakeholder working groups proposed to further vet aspects of the forward transmission reservation process:

In these workshops, the CAISO should determine its own processes, consistent with open access principles, and bearing in mind its core obligation of ensuring reliability to the load within its Balancing Authority Area. The Joint CA LSEs are concerned by the currently-proposed structure of the working groups, which appears to provide external entities with a potentially outsized influence on topics that affect the CAISO BAA. While we certainly see the value in learning from the practices of other BAAs, we do not believe that neighboring BAA processes or these stakeholders should dictate the outcomes of this stakeholder proceeding, which addresses terms and conditions for access to and scheduling rights over the CAISO-controlled transmission system, including assets owned by Participating Transmission Owners in the CAISO (which include nine of the Joint CA LSEs). In particular, when determining how much capacity on the CAISO transmission system is necessary to serve CAISO native load, we urge the CAISO to ensure the conversation is appropriately balanced and focused on the needs of CAISO BAA stakeholders. It is these stakeholders for which the CAISO transmission system has been planned, and it is these stakeholders that have paid for the costs of the CAISO transmission system. Most importantly, it is these stakeholders that depend on the CAISO transmission system to meet the needs of their customers in every hour of every day. In attempting to perform outreach for the purpose of accommodating the emerging desires of neighboring systems to procure external power supply and wheel it across the CAISO based on scheduling priorities that could very well impair reliability to CAISO native load, the Joint CA LSEs strongly urge the CAISO to appropriately weigh the views and perspectives of entities within the CAISO BAA.

To provide transparency and allow for a robust discussion, the Joint CA LSEs support the CAISO opening the working groups up to a public audience. We believe that external BAAs should have no significant concerns about describing their processes and terms for transmission access on their systems in detail within a public workshop. These rules should be set forth in their own public tariffs and related business practice documents such that there should be no concerns regarding confidentiality.

One topic that does not appear to be within the scope of any of the identified workshops is the development of the appropriate rates and charges for forward reservation of scheduling priorities. The CAISO should further detail how it will address this topic within the scope of the three proposed working groups. If this is not adequately addressed in the scope of the proposed working groups, the Joint CA LSEs recommend that this topic form the subject of a separate workshop scheduled to occur following the development of the long-term framework for establishing scheduling priorities.

6. Provide your organization's perspective on the EIM decisional classification for the initiative:

The Joint CA LSEs agree that this initiative is out of the scope of Joint Authority and that the EIM Governing Body has an advisory role on this initiative.

7. Provide your organization's perspective on any other aspects of the issue paper and initiative:

No additional comments.