

California Community Choice Association

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Contact

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1. GENERAL COMMENTS: Please provide a summary of your organization's comments on the Extended Day-Ahead Market revised straw proposal:

The California Community Choice Association (CalCCA) appreciates the extensive work by the California Independent System Operator Corporation (CAISO) and stakeholders on the Extended Day-Ahead Market (EDAM) Revised Straw Proposal and the opportunity to comment on the proposal. In summary:

- CalCCA remains concerned about the impacts the imbalance reserve product proposed in the Day-Ahead Market Enhancements (DAME) initiative will have on the California resource adequacy (RA) program;
- CalCCA supports a voluntary EDAM participation model in which all resources within the EDAM balancing authority area (BAA) participate in the market through economic bids or self-schedules;
- CalCCA generally supports EDAM transfers receiving equal priority to load but asks for further consideration around the situation where an economic import into CAISO supports an EDAM transfer out of CAISO;
- CalCCA does not oppose the proposal to give BAA operators the discretion to assign lower priority to EDAM transfers into a BAA that failed the day-ahead resource sufficiency evaluation (RSE) so long as it is reserved for emergency situations and so long as EDAM BAAs and/or their load serving entities (LSEs) have opportunities to cure the RSE deficiency first;
- CalCCA generally supports the concept of transmission “buckets” as a way to frame the discussion around the treatment of different types of transmission;
- CalCCA supports the CAISO’s proposal to automatically make bucket 2 transmission not scheduled by 10:00 a.m. available to the EDAM for optimization through the market;
- The CAISO should not make costs associated with new transmission build eligible for transmission revenue recovery;
- CalCCA supports the RSE framework that would conduct the binding EDAM RSE at 10:00 a.m. prior to running the day-ahead market with the ability to conduct advisory runs prior to the binding run;
- CalCCA supports the proposal to not include transmission constraints within the EDAM RSE and monitor the results of the EDAM RSE at the onset of EDAM;
- CalCCA supports the ability to count WSPP Schedule-C contracts and import bids at the CAISO BAA border in the RSE;
- The curing process to resolve an RSE shortfall in the CAISO BAA requires further development given the BAA is not the LSE and multiple LSEs are contributing towards meeting the resource sufficiency evaluation;
- CalCCA supports including BAAs that pass the day-ahead RSE or cure a day-ahead RSE insufficiency by the short-term unit commitment (STUC) horizon in the pooled Western Energy Imbalance Market (WEIM) RSE;
- Of the two mechanisms proposed to manage supply in excess of the RSE, CalCCA prefers mechanism two (the net EDAM transfer export limit constraint);

- CalCCA supports the development of system market power mitigation for the CAISO BAA; and

CalCCA supports the resource-specific approach for green-house gas (GHG) accounting in EDAM. Any future modifications to the resource-specific approach for EDAM, or any deviations from the resource-specific approach, will require California Air Resources Board (CARB) acceptance.

2. EDAM PARTICIPATION MODEL: Please provide your organization's comments on the proposed structure of the EDAM participation model as described in section II.A.1 of the EDAM revised straw proposal.

CalCCA supports a voluntary EDAM participation model, in which EDAM entities may voluntarily enter and exit EDAM with a six-month notice period and no exit fees. CalCCA also supports the clarification in the proposal that all resources within the EDAM BAA will participate in the market through economic bids or self-scheduling, rather than through base scheduling, given the cost-shifting that would occur should base scheduling extend to EDAM.

3. CONFIDENCE IN MARKET TRANSFERS: Please provide your organization's comments on the topic of confidence in market transfers design as discussed in section II.A.2 of the EDAM revised straw proposal. In particular, please provide comments regarding the different design elements supporting confidence in transfers including the application of the market parameters preventing the propagation of shortfalls and the associated outcomes illustrated in the examples.

CalCCA generally supports the CAISO's proposal to give EDAM transfers equal priority to load. To encourage robust EDAM participation, all EDAM BAAs must have confidence that EDAM transfers can be relied upon, even under stressed system conditions. However, CalCCA requests additional clarity around how the EDAM initiative and the Transmission Services and Market Scheduling Priorities initiative will interact and how the market would treat EDAM transfers out of the CAISO BAA if that EDAM transfer is supported by an economic import into the CAISO. Cutting the import and not the EDAM transfer could have adverse impacts on California reliability that must be considered.

4. CONFIDENCE IN MARKET TRANSFERS: Please provide your organization's comments on the topic of equal priority between market transfers and load in edge reliability scenarios, as effectuated in the operational timeframe, informed by operator discretion and good utility practice, as discussed in section II.A.2 of the EDAM revised straw proposal.

CalCCA has no additional comments on this topic.

5. CONFIDENCE IN MARKET TRANSFERS: Please provide your organization's comments on the proposal and effectuation of lower priority market transfers sinking in an EDAM BAA that has failed the day ahead RSE or otherwise is not part of the WEIM RSE pool as discussed in section II.A.2.d of the EDAM revised straw proposal.

The CAISO proposes source EDAM BAAs have operational discretion to assign lower priority to market transfers sinking into an EDAM BAA that has failed the day-ahead

RSE if there is an infeasibility and the source EDAM BAA has already exercised its other operational tools. CalCCA does not oppose this proposal so long as it is reserved for emergency situations and so long as EDAM BAAs and/or their LSEs have opportunities to cure the RSE deficiency first. If the EDAM BAA or its LSEs cure the RSE deficiency, then it should not be subject to a lower priority.

6. TRANSMISSION COMMITMENT: Please provide your organization's comments on the overall framework of transmission commitment in EDAM, including the framing of how transmission is made available through the concept of the transmission "buckets" as described in section II.B.1 of the EDAM revised straw proposal.

CalCCA generally supports the concept of transmission "buckets" as a way to frame the discussion around the treatment of different types of transmission and how they are treated with respect to compensation, who is making the transmission available, and cost recovery.

7. TRANSMISSION COMMITMENT: Please provide your organization's perspective on Bucket 2 transmission and the pathways for how transmission customers can exercise their transmission rights, whether secured under the OATT or under legacy arrangements, or how otherwise those transmission rights are made available to the market as described in section II.B.1 of the revised straw proposal.

CalCCA supports the CAISO's proposal to automatically make bucket 2 transmission not scheduled by 10:00 a.m. available to the EDAM for optimization through the market. CalCCA shares parties' concerns outlined in the paper around allowing the voluntary release of transmission. Allowing transmission rights holders to voluntarily make transmission available could diminish EDAM benefits by restricting the amount of transmission available to the market and could result in withholding of transmission in the event a small number of entities hold the rights to a majority of the transmission. Automatically releasing unscheduled transmission will ensure EDAM BAAs unlock the full economic benefits of day-ahead market participation.

8. TRANSMISSION COMMITMENT: Please provide your organization's perspective on how ISO transmission is made available to the EDAM under the transmission commitment design.

CalCCA has no additional comments at this time.

9. TRANSMISSION COMMITMENT: Please provide your organization's comments on the transmission revenue requirement (TRR) recovery framework design which is intended to allow for recovery of certain transmission revenues to keep the transmission provider whole from a historical TRR perspective in the EDAM as described in section II.B.1 of the revised straw proposal.

Consider comments on the three different proposed components of the EDAM recoverable TRR and the proposed methods of allocating the TRR shortfall, along with other elements of the design.

CalCCA is concerned with the CAISO's proposal to make costs associated with new transmission build eligible for transmission revenue recovery, particularly given the way the CAISO proposes to allocate the uplift charges used to cover the transmission revenue recovery payments. The CAISO proposes to allocate costs through uplifts

assessed either to gross load across the footprint or to demand plus supply across the footprint. This methodology does not consider, however, the extent to which the EDAM BAAs paying for the transmission revenue recovery benefit from the new transmission build. As the BAA with the most load, CAISO's LSEs are at the greatest risk of paying the majority of uplift charges for new transmission that it does not benefit from or benefits from less than other EDAM BAAs. Under a future EDAM, entities should factor in the impacts an EDAM will have on forecasted transmission revenues when making decisions around new transmission build. A transmission revenue recovery payment is not necessary under an EDAM construct.

10. TRANSMISSION COMMITMENT: Please provide your organization's comments on any other aspects of the transmission commitment in EDAM topic.

CalCCA has no additional comments at this time.

11. DAY-AHEAD RESOURCE SUFFICIENCY EVALUATION (RSE): Please provide your organization's comments on the design of the proposed application that will be used to conduct the EDAM RSE as described in section II.B.2 of the EDAM revised straw proposal.

This includes comments on the ability to conduct advisory RSE tests prior to the binding run, the timing of the RSE, test inputs, test obligation, the decision not to include transmission constraints within the EDAM RSE as well as any other relevant elements.

CalCCA supports the proposal to conduct the binding EDAM RSE at 10:00 a.m. prior to running the day-ahead market with the ability to conduct advisory runs prior to the binding run. As described in section 16 below, a process is needed to determine how the CAISO BAA and/or its LSEs will resolve deficiencies identified in the advisory runs prior to the binding run or in the binding run.

CalCCA supports the proposal to not include transmission constraints within the EDAM RSE and monitor the results of the EDAM RSE at the onset of EDAM given the additional complexities modeling transmission elements would introduce to the RSE.

12. DAY-AHEAD RESOURCE SUFFICIENCY EVALUATION (RSE): Please provide your organization's comments on the proposed treatment of firm energy contracts where the source/transmission may not be known in advance of the market run (i.e. WSPP Schedule-C supply contracts) within the EDAM RSE.

Consider comments on if the proposed requirement for the submission of day-ahead e-tags, the potential to be removed from the pooled WEIM RSE, as well as monitoring to provide a sufficient level of confidence in these types of supply arrangements. Additionally, consider the proposed modeling of these arrangements as "bucket 1" transfers, along with the potential pricing impacts in the source BAA and the potential to utilize BAA-to-BAA transmission between the source and sink BAA.

CalCCA supports the ability to count WSPP Schedule-C contracts and import bids at the CAISO BAA border in the RSE. The CAISO's proposal to require day-ahead e-tags three hours following the day-ahead market results with the opportunity to cure by the STUC horizon if there is no e-tag is reasonable. However, the CAISO should clarify that, if an import resource fails to tag by 3 hours following the day-ahead market or by the

STUC horizon, the BAA will not fail the RSE if it has sufficient capacity from bids from other resources to pass the RSE

- 13. DAY-AHEAD RESOURCE SUFFICIENCY EVALUATION (RSE): Please provide your organization's perspective on the ISO proposal for counting in the EDAM RSE import bids made at the CAISO BAA boarder with a non-EDAM BAA.**

See response in Section 12.

- 14. DAY-AHEAD RESOURCE SUFFICIENCY EVALUATION (RSE): Please provide your organization's comments on the treatment of demand response and its different types and functions for purposes of passing the RSE.**

CalCCA has no comments at this time.

- 15. DAY-AHEAD RESOURCE SUFFICIENCY EVALUATION (RSE): Please provide your organization's comments on the proposal to make available advisory D+2 market results (day ahead + 2 market run) to help inform gas procurement and manage gas resource participation in the day ahead market.**

Consider commenting on any additional potential enhancements or changes to this market run which could increase its accuracy.

CalCCA has no comments at this time.

- 16. DAY-AHEAD RESOURCE SUFFICIENCY EVALUATION (RSE): Please provide your organization's comments on whether the proposal to cure resource insufficiencies through the EDAM market at an administrative surcharge provides incentive to cure shortfalls prior to participating in the EDAM.**

Please comment on the proposed requirement to cure through the market, the block surcharge, as well as the potential to credit against the surcharge any market energy prices. In addition, please comment on the proposed revenue allocation, and CAISO BAA specific sub-allocation for this surcharge.

It is important that EDAM BAAs and LSEs have ample opportunities to cure RSE insufficiencies, whether through the EDAM market or outside of the EDAM market. The ability to run advisory RSE runs before the binding run would allow BAAs and LSEs to identify and resolve potential RSE insufficiencies in advance of the need to use the EDAM market to cure. In the event RSE failure occurs, BAAs could cure through the EDAM market, cure outside of EDAM until the STUC run, or forego curing and, therefore, forego inclusion in the WEIM RSE pool.

The process of curing upon a shortfall in the CAISO BAA, however, requires further development given the BAA is not the LSE and multiple LSEs are contributing towards meeting the resource sufficiency evaluation. This clarity is relevant to the CAISO BAA because for the CAISO BAA, the is not also the LSE and multiple LSEs are doing advanced procurement to meet the RSE requirements.

The CAISO proposes to allocate costs of curing RSE insufficiencies through EDAM first to LSEs whose failure to meet RA obligations led to the RSE failure and then to all LSEs

pro-rata. CalCCA supports allocating curing costs to LSEs that contribute to the RSE failure. This approach is consistent with cost causation principles in that LSEs that cause the costs to be incurred bear the responsibility of paying for those costs. Additional clarity is needed with respect to the opportunities to cure, however, so that LSEs can make decisions around how to resolve RSE insufficiencies in the event they will be identified as causing the failure.

The following questions need to be further considered regarding the curing process for the CAISO BAA:

- What defines an RA failure causing an RSE insufficiency?
 - Different LRAs have different RA requirements
 - Would this assessment rely on monthly RA showings data or daily RA availability data (e.g., outages and substitutions)?
- When would the LSE know that it is the cause of the RSE failure?
 - LSEs should be informed after the advisory runs that they need to cure before the binding run in order to pass the RSE
- What options are available to the LSE that is causing the deficiency to cure in advance of curing through EDAM at the admin charge?
- How would the CAISO BAA make the choice to cure (through EDAM at the admin charge) versus foregoing participation in the pooled WEIM RSE?

17. DAY-AHEAD RESOURCE SUFFICIENCY EVALUATION (RSE): Please provide your organization's comments on the proposal to stand up an hourly bid-range trading platform.

CalCCA has no comments at this time.

18. DAY-AHEAD RESOURCE SUFFICIENCY EVALUATION (RSE): Please provide your organization's comments on the utilization of a pooled WEIM RSE for entities passing the EDAM RSE, as described in the revised straw proposal.

Please comment on the criteria for exclusion from the pooled WEIM RSE, the proposal to withhold a configurable quantity of imbalance reserves to be utilized for benefit of the EDAM footprint, and the preferred approach for the pooled WEIM RSE following a potential failure of the pool in the WEIM.

CalCCA supports BAAs that pass the day-ahead RSE or cure a day-ahead RSE insufficiency by the STUC horizon being a part of the pooled WEIM RSE.

19. DAY-AHEAD RESOURCE SUFFICIENCY EVALUATION (RSE): Please provide your organization's comments on two introduced mechanisms for consideration that further allow a BAA to manage its resources: (1) mechanisms to manage supply in excess of RSE, and (2) consideration of a net EDAM transfer export limit constraint as described in the revised straw proposal.

Please consider commenting on the value and need for these mechanisms for individual BAAs along with other design elements that should be considered in enhancing or modifying these mechanisms to address the issues described.

CalCCA thanks the CAISO for including this topic in the revised straw proposal. It is critically important that resource adequacy resources can be retained to serve native load through real-time.

Of the two mechanisms, CalCCA prefers mechanism two (the net EDAM transfer export limit constraint). Mechanism one (reserving day-ahead supply in excess of RSE requirements) appears to be too blunt of an instrument that could result in a large portion of capacity not used for the RSE being held out of the market. Ideally, resource adequacy resources would not be held out of the market. Instead, they would be prioritized to serve native load, with the ability to be scheduled outside of the native BAA if there is excess. The net EDAM export constraint more closely reaches this objective. To enhance this proposal, the CAISO should allow for a constraint on the amount of firm EDAM export transfers and allow any amount of non-firm EDAM exports. Additional discussion is needed from the CAISO BAA perspective to determine when to use the net export limit and where to set the limit, given the number of LSEs and LRAs in California.

20. DAY-AHEAD RESOURCE SUFFICIENCY EVALUATION (RSE): Please provide your organization's comments on any other elements of the EDAM RSE not raised by the questions above.

CalCCA has no additional comments at this time.

21. INTEGRATED FORWARD MARKET (IFM) AND RESIDUAL UNIT COMMITMENT (RUC): Please provide your organization's comments on the IFM and RUC design as described in sections II.C.2 and II.C.3 of the EDAM revised straw proposal.

CalCCA remains concerned about the impacts the imbalance reserve product proposed in the DAME initiative will have on the California RA program. CalCCA's concerns are twofold:

1. Costs: Today's RUC framework requires RA resources to bid zero dollars into RUC. This is because RA contracts already factor in the costs of RA resources being available to serve CAISO load through real-time. Allowing RA resources to bid and be paid above zero dollars for imbalance reserves will result in LSEs paying twice for the same capacity.
2. Reliability: Removing the real-time must-offer obligation for California RA will potentially threaten California reliability by absolving RA resources of their obligations to serve California load if they do not receive a day-ahead award.

Given these concerns, CalCCA recommends the CAISO continue discussions with stakeholders within the DAME initiative and this initiative to address these concerns. Additionally, CalCCA reiterates its request and the requests of other stakeholders for the CAISO to provide more analysis that explains the perceived benefits of the imbalance reserves in terms of reliability and cost.[\[1\]](#)

[\[1\]](#) CalCCA comments to the Day-Ahead Market Enhancements Third Revised Straw Proposal (May 19,

2022): <https://stakeholdercenter.caiso.com/Comments/AllComments/372995fa-30ec-4166-9bbc-f92619b8014f#org-89f71fc4-56dc-4bf0-b7c5-7e74d31dc79e>

- 22. MARKET POWER MITIGATION (MPM):** Please provide your organization’s comments on the proposal to extend the WEIM market power mitigation framework to the EDAM and the continued evaluation of potential market power mitigation enhancements within the Price Formation Enhancements initiative, which is currently ongoing, as described in section II.C.4 of the EDAM revised straw proposal.

CalCCA supports the development of system market power mitigation for the CAISO BAA. The CAISO has appropriately scoped the evaluation of market power mitigation enhancements within the Price Formation Enhancements initiative.

- 23. CONVERGENCE BIDDING:** Please provide your organization’s comments on the proposal on convergence bidding in the EDAM and the associated transition period approach being proposed as described in section II.C.5 of the EDAM revised straw proposal.

CalCCA has no comment at this time.

- 24. EXTERNAL RESOURCE PARTICIPATION:** Please provide your organization’s comments on the proposal for external resource participation in the EDAM, as described in section II.C.6 of the EDAM revised straw proposal.

CalCCA has no comment at this time.

- 25. GREENHOUSE GAS ACCOUNTING:** Please provide your organization’s overall comments, including potential suggested enhancements, on the resource specific approach to GHG accounting as described in section II.C.7 of the EDAM revised straw proposal.

CalCCA supports the resource-specific approach for GHG accounting in EDAM, as opposed to the zonal approach or LADWP approach. The resource-specific approach has worked for years in the WEIM, allowing the market to optimize resources based on GHG costs reflected in their bids. Importantly, the CARB has accepted the resource-specific approach. Any future modifications to the resource-specific approach for EDAM, or any deviations from the resource-specific approach, will similarly need CARB to accept them.

CalCCA is concerned, however, that the proposal to address “secondary dispatch” would limit the ability for external resources to sell to California. CalCCA encourages the CAISO to reconsider this proposal and identify ways such that secondary dispatch can be quantified and account for secondary dispatches appropriately within the applicable GHG regulations, rather than mitigating secondary dispatch by limiting transfers into a GHG area. Limiting transfers into a GHG region at the outset stops secondary dispatch emissions but could instead place the GHG region at a reliability risk if it cannot import resources into its area. This approach is too restrictive and should be reconsidered such that reliability and emissions are both addressed.

- 26. GREENHOUSE GAS ACCOUNTING:** Please provide your organization’s feedback on the use of the GHG Reference Pass as the GHG counterfactual.

CalCCA has no additional comments at this time.

- 27. GREENHOUSE GAS ACCOUNTING: Please provide your organization's feedback on the attribution data reported as a part of the resource specific approach, and if or what additional information would provide transparency.**

CalCCA has no additional comments at this time.

- 28. GREENHOUSE GAS ACCOUNTING: Please provide your organization's overall comments, including potential suggested enhancements, on the zonal proposal.**

CalCCA has no additional comments at this time.

- 29. GREENHOUSE GAS ACCOUNTING: Please provide your organization's overall comments, including potential suggested enhancements, on the LADWP proposal.**

CalCCA has no additional comments at this time.

- 30. GREENHOUSE GAS ACCOUNTING: Please provide any other feedback on GHG accounting not captured by the questions above.**

CalCCA has no additional comments at this time.

- 31. TRANSFER REVENUE AND CONGESTION REVENUE ALLOCATION: Please provide your organization's comments on the proposed transfer revenue and congestion revenue allocation approach as described in section II.D.1 of the straw proposal, along with any other aspects of the transfer revenue allocation discussion topic.**

CalCCA has no additional comments at this time.

- 32. SETTLEMENTS: Please provide your organization's comments on the settlements design described in section II.D.2 of the EDAM straw proposal.**

Consider comments on the different aspects of settlement allocation among the different settlement components.

CalCCA has no additional comments at this time.

- 33. EDAM FEES FRAMEWORK: Please provide your organization's comments on the EDAM fees framework, particularly the implementation fee and administrative fee framework, as described in section II.D.3 of the EDAM straw proposal.**

CalCCA has no additional comments at this time.

- 34. GENERAL COMMENTS: Please provide your organization's comments on the decisional classification for the EDAM initiative as described in section III.B of the EDAM revised straw proposal.**

CalCCA supports extending the joint authority model proposed in the WEIM Governance Review Committee's (GRC) EDAM Governance Straw Proposal to the EDAM initiative, as opposed to applying joint authority to the entire EDAM initiative. This

approach would extend the joint authority model used for the WEIM currently and categorize proposed policy changes under an “apply to” test. CalCCA recommends the CAISO apply the joint authority model’s “apply to” test structure to each element of EDAM to ensure the appropriate classification is applied to each element.

35. GENERAL COMMENTS: Please provide your organization’s comments on any other elements or aspects of the EDAM revised straw proposal.

CalCCA has no additional comments at this time.