

California Community Choice Association

SUBMITTED 11/22/2022, 03:35 PM

Contact

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

The California Community Choice Association (CalCCA) appreciates the opportunity to comment on the Extended Day-Ahead Market (EDAM) Draft Final Proposal. CalCCA generally supports the EDAM proposal subject to the recommendations made herein. However, significant questions remain relative to how elements of the proposal will work for the California Independent System Operator (CAISO) balancing authority area (BAA), given the CAISO is in the unique position of having dozens of load-serving entities (LSEs) operating within its BAA. The CAISO should begin its CAISO BAA-specific initiative and resolve the open issues relative to the CAISO BAA in that forum before finalizing the EDAM proposal.

Resource Sufficiency Evaluation (RSE)

CalCCA supports the proposed application that the CAISO will use to conduct EDAM RSE and how the proposal defines RSE-eligible resources, including:

- Allowing non-resource-specific firm energy contracts to count towards the EDAM RSE, with tagging requirements and the ability to cure by the Short-Term Unit Commitment (STUC) run if the non-resource-specific import is not tagged by the initial deadline;
- Allowing economic supply offers associated with a forward contract from a non-EDAM BAA to count towards the EDAM RSE; and
- Including proxy demand response in the EDAM RSE and including reliability demand response in the EDAM RSE only if the CAISO BA fails the RSE without it.

CalCCA supports the proposal to require e-tags for imports used in the RSE as long as any RSE deficiencies caused by imports not tagged can be cured by the STUC run. However, CalCCA also understands parties' concerns that the e-tagging requirements to demonstrate firm transmission may introduce the ability for parties to exercise transmission market power. The CAISO must allow for an investigation of the ability to exercise transmission market power prior to the implementation of EDAM. The CAISO Department of Market Monitoring (DMM) and the Market Surveillance Committee (MSC) should conduct this review and opine on the need for additional transmission market power mitigation measures.

Many other elements of the EDAM RSE proposal have not reached resolution, particularly regarding how they will work for the CAISO BAA given the multiple LSEs within the CAISO BAA. The CAISO proposes to allocate costs of curing RSE insufficiencies through EDAM first to LSEs that contributed to the RSE failure and then to all LSEs pro-rata. While CalCCA supports allocating curing costs first to LSEs that contribute to the RSE failure in concept, many open questions require resolution before taking a position on the EDAM RSE proposal. These questions include:

- What defines an LSE's contribution to an RSE failure (e.g., using Resource Adequacy (RA) showings, RA outages, etc.)?
- If the CAISO BAA fails the advisory or binding EDAM RSE, how will the CAISO identify the LSEs that caused the failure?
- Following a failure of the advisory EDAM RSE, will the LSEs causing the failure be notified they are the cause of the failure such that they have an opportunity to make additional supply available before the binding EDAM RSE?
- Upon an RSE failure, how will the CAISO BAA or its LSEs decide whether to cure from the EDAM or be held out of the pooled Western Energy Imbalance Market (WEIM) RSE?
- How will the CAISO allocate to LSEs the revenues resulting from EDAM RSE failures in other BAAs?

The CAISO indicates that it will address how it will handle the CAISO BAA failure consequences and cure processes as well as the distribution of revenues from other BAAs' failures in a subsequent stakeholder initiative. It is difficult for California LSEs to take a position on the EDAM RSE proposal without understanding how these elements will work for the CAISO BAA and its LSEs. The CAISO should allow for the CAISO BAA-specific initiative to take place before finalizing the EDAM proposal.

Net EDAM Export Transfer Constraint

CalCCA supports in concept the proposed net EDAM export transfer constraint that would allow an EDAM BAA to set a limit on the amount of supply that is made available to support EDAM export transfers. For the CAISO BAA, this proposal will allow the preservation of RA capacity to support grid reliability during contingencies or stressed system conditions. Further development is needed, however, to determine under what conditions the CAISO BAA will apply the net export constraint and how the CAISO BAA will derive the constraint limit. The CAISO should include this topic in scope of the CAISO BAA-specific initiative and allow this initiative to take place before finalizing the EDAM proposal.

Transmission Commitment

CalCCA supports the CAISO's proposal to automatically make unscheduled transmission available to the EDAM on a hurdle-free basis. 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.

The CAISO proposes to offer transmission revenue recovery for estimated foregone revenues from short-term point-to-point transmission revenues, wheeling access charge revenues, new transmission builds, and wheels in excess of the EDAM entity's total net imports/exports. While making transmission available to the EDAM on a hurdle-free basis may result in a reduction in transmission revenue relative to historical revenues, transmission revenue recovery should be a transitional mechanism only, accompanied by a sunset date such that the proposal does not introduce indefinite uplift payments.

CalCCA continues to question the need to make costs associated with new transmission build eligible for transmission revenue recovery. 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. Additionally, under a future EDAM, entities should factor in the overall costs and benefits of EDAM when making decisions around new transmission build. A transmission revenue recovery payment associated with new transmission build is not necessary under an EDAM construct.

Greenhouse Gas (GHG) Accounting

CalCCA remains supportive of the resource-specific approach to GHG accounting for initial EDAM implementation. 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 California Air Resources Board (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.

However, CalCCA remains concerned that the proposed approaches for limiting secondary dispatch will limit transfers from non-GHG regulation BAAs that are net importers to GHG regulation BAAs. This could limit the use of resources available to transfer into GHG areas, impacting California reliability. The Market Surveillance Committee expressed the same concerns at its October 21, 2022 meeting.¹ The CAISO should continue to further analyze these concerns before finalizing the GHG accounting design.

[1] http://www.caiso.com/Documents/ExtendedDay-AheadMarketGHGMSC-Presentation-Oct21_2022.pdf

2. EDAM PARTICIPATION MODEL: Please provide your organization's comments on the proposed structure of the EDAM participation model, including load and resource participation, as described in section II.A.1 of the draft final proposal:

See response to question 1.

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 draft final proposal:

See response to question 1.

4. TRANSMISSION AVAILABILITY: Please provide your organization's comments on the overall design for how transmission is made available to the market under the transmission "buckets" framework and the different underlying pathways for how transmission customer exercise their transmission rights or otherwise make transmission available to the market as described in section II.B.1 of the draft final proposal:

See response to question 1.

5. TRANSMISSION AVAILABILITY: Please provide your organization's perspective on the historical transmission revenue recovery design proposed through the EDAM as described in section II.B.1 of the draft final proposal:

See response to question 1.

6. TRANSMISSION COMMITMENT: Please provide your organization's comments on any other aspects of the transmission availability design in EDAM:

See response to question 1.

7. DAY-AHEAD RESOURCE SUFFICIENCY EVALUATION (RSE): Please provide your organization's comments on the design of the EDAM RSE, including components of the evaluation and the consideration of different resources within the evaluation as described in section II.B.2 of the draft final proposal:

This includes comments on: the ability to conduct advisory sufficiency evaluations prior to the binding run; running the RSE on a BAA stand-alone basis without a discrete deliverability test; the RSE requirements, and counting rules for difference supply types; and load participation rules each EDAM BAA will be responsible for enforcing relating to demand response use and VER forecast counting.

See response to question 1.

8. DAY-AHEAD RESOURCE SUFFICIENCY EVALUATION (RSE): Please provide your organization's comments on the proposed design establishing the consequences for failing the EDAM RSE as described in section II.B.2 of the draft final proposal:

This includes both the different surcharge for levels of failure as well as the structure of the surcharge itself.

See response to question 1.

9. DAY-AHEAD RESOURCE SUFFICIENCY EVALUATION (RSE): Please provide your organization's perspective on the ISO proposed design for pooling EDAM entities passing EDAM RSE for evaluation jointly, as a pool, in the WEIM RSE as described in section II.B.2 of the draft final proposal:

See response to question 1.

10. DAY-AHEAD RESOURCE SUFFICIENCY EVALUATION (RSE): Please provide your organization's perspective on the additional tool for managing supply in excess of RSE requirements, the net EDAM export transfer constraint as described in section II.B.2 of the draft final proposal:

See response to question 1.

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

See response to question 1.

12. 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 draft final proposal:

See response to question 1.

13. MARKET POWER MITIGATION (MPM): Please provide your organization's comments on the proposed Market Power Mitigation (MPM) approach as described in section II.C.4 of the draft final proposal:

See response to question 1.

14. CONVERGENCE BIDDING: Please provide your organization's comments on the proposed convergence bidding design and the associated transition period being proposed as described in section II.C.5 of the draft final proposal:

See response to question 1.

15. 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 draft final proposal:

See response to question 1.

16. 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 draft final proposal:

See response to question 1.

17. GREENHOUSE GAS ACCOUNTING: Please provide your organization's feedback on the design of the GHG reference pass as the GHG counterfactual:

See response to question 1.

18. GREENHOUSE GAS ACCOUNTING: Please provide your organization's feedback on the net export constraint topics including: design, interaction with the GHG counterfactual, exceptions for RA capacity, and analysis:

See response to question 1.

19. GREENHOUSE GAS ACCOUNTING: Please provide any other feedback on the resource specific approach to GHG design not captured in the questions above:

See response to question 1.

20. 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 draft final proposal:

See response to question 1.

21. SETTLEMENTS: Please provide your organization's comments on the settlements design described in section II.D.2 of the draft final proposal:

See response to question 1.

22. 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.E of the draft final proposal:

See response to question 1.

23. GENERAL COMMENTS: Please provide your organization's comments on any other elements or aspects of the EDAM draft final proposal:

See response to question 1.