

# California Community Choice Association

SUBMITTED 12/21/2022, 10:16 AM

## Contact

Shawn-Dai Linderman (shawndai@cal-cca.org)

### 1. Please provide a summary of your organization's comments on the Day-Ahead Market Enhancements (DAME) Draft Final Proposal and the December 7, 2022 stakeholder call discussion:

The California Community Choice Association (CalCCA) appreciates the opportunity to comment on the Day-Ahead Market Enhancements (DAME) Draft Final Proposal. CalCCA opposes the DAME draft final proposal subject to resolution of the issue of double payments to generators providing Resource Adequacy (RA) capacity. Under the DAME proposal, generators providing RA will be paid to be available to the real-time market once through the RA contract and again through the imbalance reserve (IR) or reliability capacity (RC) payment. Many RA contracts require the generator to transfer availability payments from the California Independent System Operator Corporation (CAISO) market to its load serving entity (LSE) counterparty. In today's market, RA resources bid zero dollars for their Residual Unit Commitment (RUC) availability bids and get paid zero dollars for their RUC awards. As such, many RA counterparties do not have the systems and processes in place to facilitate the transfer of such payments. Once DAME goes into effect and generators will be paid for their IR and RC payments, a settlement process must be in place to allow for the transfer of these payments from RA resources to LSEs.

To resolve this issue, the CAISO should allow inter-scheduling coordinator trades (ISTs), as proposed in the Fourth Revised Straw Proposal, for both IR and RC payments to allow RA counterparties to transfer IR and RC revenues consistent with their RA contracts. An IST is a settlement service already offered by the CAISO to effectuate bilateral transactions between scheduling coordinators (SCs). The CAISO currently offers ISTs for energy, ancillary services, and unit commitment.<sup>[1]</sup> To enable ISTs when a resource sells only a portion of its capacity as RA to an LSE, the CAISO should allow the counterparties to set a percentage of its capacity that would be traded through the IST (rather than a specific megawatt (MW) amount). The CAISO will also need to differentiate the portions of the capacity payments that are attributable to the availability payments versus opportunity cost payments. While this may seem like it adds significant complexity, the CAISO will need to do this differentiation regardless, because under the draft final proposal, the CAISO proposes to provide the information necessary for counterparties to work out the transfer of revenues among themselves. This information necessarily includes the portions of the payments that are attributable to availability payments versus opportunity cost payments.

Allowing ISTs for IR and RC would not result in the CAISO getting involved in dictating the allocation of capacity payments between counterparties because ISTs are an optional service. Both counterparties would need to agree to the IST and have matching

ISTs for the CAISO to process the IST. Therefore, the CAISO would simply provide the settlement mechanism to facilitate what parties have already agreed to bilaterally.

In summary, the CAISO should adopt the IST functionality for IR and RC products to facilitate the settlement of revenues in a manner consistent with the RA contracts between generators and LSEs.

---

[1] [http://www.caiso.com/Documents/SIBRInter-SCTrades\\_IST\\_Tutorial.pdf](http://www.caiso.com/Documents/SIBRInter-SCTrades_IST_Tutorial.pdf).

**2. Please provide your organization's overall position on the DAME draft final proposal:**

**OPPOSE WITH CAVEATS**

For the reasons described above, CalCCA opposes the draft final proposal subject to resolution of the double payment issue.

**3. Please provide a summary of your organization's comments on the summary of changes and responses to stakeholder feedback from the fourth revised straw proposal, as described in Section 1:**

See response to question 1 above.

**4. Please provide your organization's comments on the proposed resource adequacy day-ahead must-offer obligation for imbalance reserves as described in Section 3.2:**

CalCCA supports the RA resources having a must offer obligation for imbalance reserves for the portion of their RA capacity that is not self-scheduled.

**5. Please provide your organization's comments on the proposal to establish default bids for mitigation of imbalance reserve and reliability capacity, as described in Sections 3.2 and 3.4.**

CalCCA has no comments at this time.

**6. Please provide your organization's comments on the proposal to establish eligibility criteria to provide IRU based on a resource's day-ahead energy offer price, as described in Section 4.3:**

CalCCA has no comments at this time.

**7. Please provide your organization's comments on the proposed transitional measures for CAISO load-serving entities as described in Section 5, in context of the removal of inter-SC trading of imbalance reserves and the removal of the reverse settlement of reliability capacity revenue for RA capacity from the proposal:**

As described in response to question 1, CalCCA opposes removing the ability for counterparties to use ISTs to transfer capacity payments from one counterparty to another from the proposal. The CAISO should allow ISTs for IR and RC to enable

counterparties to effectuate the terms of their contracts with respect to how capacity payments from the CAISO market are allocated between the parties.

**8. Please provide your organization's comments on the proposed WEIM Governing Body Role, as described in Section 7:**

CalCCA has no comments at this time.

**9. Please provide any additional comments on the Day-Ahead Market Enhancements (DAME) Draft Final Proposal and the December 7, 2022 stakeholder call discussion:**

CalCCA has no comments at this time.