



Response to Stakeholder Comments on Draft Tariff Language 2021 Summer Readiness

Tariff Section	Stakeholder Comment ¹	ISO Response
11.21.3.3	<p>[Idaho] Idaho Power Company states allocating the costs of make whole payments to EIM transfers out of CAISO is inappropriate and inequitable. Suggested additions in highlighting and deletions in strikethrough to ensure that the costs are attributed to the CAISO BAA and allocated to Measure Demand only.</p> <p>Given our position that EIM entities should not be allocated these costs on the basis of EIM transfers, we do not believe changes are needed to section 29. Nevertheless, if the CAISO keeps this language, Idaho Power proposes the following revisions (below).</p> <p>11.21.3.3 Allocation of Make Whole Payments Costs The CAISO will calculate the cost of make whole payments for HASP Block Intertie Schedules in each Settlement Interval of the Trading Hour. The CAISO will attribute these costs in full to the CAISO BAA and will allocate them as described below. For purposes of attributing the cost of these make whole payments in any Trading Hour to the CAISO Balancing Authority Area, the CAISO will calculate the ratio of Measured Demand to Measured Demand and net EIM transfers out of the CAISO Balancing Authority Area in each Settlement Interval during that Trading Hour and then multiply that ratio by the cost of make whole payments in that Settlement Interval.</p>	<p>The CAISO recognizes that eligibility for any HASP Block Intertie Schedules make whole payment under this section is triggered by a notice that the CAISO balancing authority are anticipates or is experiencing a shortage of operating reserves. For this reason, the CAISO agrees with Idaho Power Company that it is inequitable to allocate the costs of these make whole payments to EIM transfers out of the CAISO balancing authority area. The CAISO will instead allocate the costs of any make whole payment under this section only to CAISO Measured Demand\, i.e. metered demand and exports.</p> <p>The CAISO has revised its draft tariff language in proposed section 11.21.3.3 to eliminate any allocation of these costs to EIM transfers out of the CAISO balancing authority area. The CAISO has also revised its draft tariff language to eliminate proposed section 29.11(g).</p>

¹ Original CAISO redlines appear in red. Proposed changes from the stakeholders appear in redline and yellow highlighting.



The CAISO will attribute the remainder of the cost of these make whole payments in each Settlement Interval during that Trading Hour to EIM Entity Balancing Authority Areas with net EIM Transfers into their Balancing Authority Areas during the applicable Settlement Interval.

(a) The CAISO will allocate the cost of make whole payments attributed to the CAISO Balancing Authority Area as follows

- (1) Scheduling Coordinators in proportion to their Measured Demand in the same Trading Hour in which the CAISO calculates the make whole payment;
- (2) Scheduling Coordinators for MSS Operators that have elected (i) not to follow their Load, and (ii) gross Settlement, in proportion to their Measured Demand plus any FMM reductions not associated with valid and balanced ETCs, TORs or Converted Rights Self-Schedules in the Day-Ahead Market in the same Trading Hour in which the CAISO calculates the make whole payment;
- (3) Scheduling Coordinators for MSS Operators that have elected (i) not to follow their Load and (ii) net Settlement, in proportion to their MSS Aggregation Net Measured Demand plus any FMM reductions not associated with valid and balanced ETCs, TORs or Converted Rights Self-Schedules in the Day-Ahead Market in the same Trading Hour in which the CAISO calculates the make whole payment.
- (4) Scheduling Coordinators of MSS Operators that have elected to follow their Load, in proportion to their MSS Net Negative Uninstructed Deviation plus any FMM reductions not associated with valid and balanced ETCs, TORs or Converted Rights Self-



	<p><u>Schedules in the Day-Ahead Market in the same Trading Hour in which the CAISO calculates the make whole payment.</u></p> <p>The CAISO will allocate the cost of make whole payments attributed to EIM Entity Balancing Authority Areas as follows:</p> <p>(1) EIM Entity Scheduling Coordinators in proportion to their net EIM Transfers into their Balancing Authority Areas in the same Settlement Interval in which the CAISO calculates the make whole payment</p> <p><u>Add Section 29.11 (g) – Allocation of Make Whole Payments for HASP Block Intertie Schedules</u></p> <p><u>The CAISO will determine the cost of make whole payments made to Scheduling Coordinators with HASP Block Intertie Schedules attributed to EIM Entity Balancing Authority Areas in accordance with the methodology set forth in Section 11.21.3. The CAISO will allocate these costs to applicable EIM Entity Scheduling Coordinators in accordance with Section 11.21.3.</u></p>	
<p>29.34</p>	<p>[Salt River Project] Salt River Project Agricultural Improvement and Power District (SRP) appreciates the opportunity to comment on the CAISO’s draft tariff language for market enhancements for summer 2021 readiness. Based on information shared verbally by CAISO staff during the February 26 web conference to discuss the draft tariff language, SRP understands there will be a future opportunity to comment on export and load scheduling priorities portions of the tariff language; therefore, the following comments focus</p>	<p>The definition of “EIM Area” includes the CAISO balancing authority area.</p> <p>- EIM Area The combined CAISO Balancing Authority Area and all EIM Entity Balancing Authority Areas.</p> <p>Accordingly, the references in section 29.34(l)(4)(A)-(B) to a “Balancing Authority Area in the EIM Area” already include the CAISO balancing authority area.</p>



	<p>only on other sections of the tariff. As described in comments submitted on February 26, SRP has significant concerns with the proposed changes to export and load scheduling priorities articulated in the February 18, 2021 Draft Final Proposal and appreciates CAISO considering those comments and offering a further opportunity to review the export and load scheduling priorities tariff language.</p> <p>SRP proposes the following changes to ensure additional hourly capacity requirements are applied to the CAISO and EIM Entities.</p> <p>Proposed Changes to the RSE (Capacity Test)</p> <p>29.34 EIM Operations</p> <p>(l) EIM Resource Plan Evaluation.</p> <p>(4) Additional Hourly Capacity Requirements.</p> <p>(A) In General. If the CAISO determines under the procedures set forth in the Business Practice Manual for the Energy Imbalance Market that a Balancing Authority Area in the EIM Area or the CAISO Balancing Authority Area has historically high import or export schedule changes between thirty minutes and twenty minutes before the start of the Trading Hour, the CAISO will add to the Balancing Authority Area in the EIM or CAISO Area's capacity requirements an additional requirement.</p> <p>(B) Additional Capacity Requirement. On a monthly basis, according to procedures set forth in the Business Practice Manual for the Energy Imbalance Market, the CAISO will calculate for each Balancing Authority Area in the EIM Area</p>	<p>Adding additional references to the CAISO balancing authority area is unnecessary and may cause confusion in these sections.</p>
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	<p>and the CAISO Balancing Authority Area histograms of the percentage of the difference between imports and exports scheduled at thirty minutes before the start of the Trading Hour and the final imports and exports at twenty minutes before the start of the Trading Hour based on the submitted E-Tags at those times and calculate additional upward and downward requirements for the capacity test component of the resource sufficiency evaluation.</p>	
<p>11.21.3.2</p>	<p>[Southern California Edison] SCE proposes one change and has one clarifying question.</p> <p>Proposed change –</p> <p>The calculation stated in Section 11.21.3.1 seems inaccurate or ambiguous. The word “price”, as shown below, seems missing from the draft tariff language. Without specifying bid price, “bid” used in the section could refer to a bid quantity which would be incorrect.</p> <p>11.21.3.2 Calculation of Make Whole Payments</p> <p><u>The CAISO will calculate an hourly make whole payment for each HASP Block Intertie Schedule based upon the FMM Optimal Energy above a Scheduling Coordinator’s import Day-Ahead Scheduled Energy or as FMM Optimal Energy below a Scheduling Coordinator’s export Day-Ahead Scheduled Energy. The make-whole payment will equal the positive difference between the Scheduling Coordinator’s HASP Block Intertie Schedule bid price and the relevant hourly average FMM LMPs for the applicable Trading Hour multiplied by the FMM Optimal Energy delivered by the HASP Block Intertie Schedule during that</u></p>	<p>The CAISO has incorporated this suggested change in its revised draft tariff language.</p>



	<u>Trading Hour</u>	
<p>34.10</p>	<p>[Southern California Edison] Clarifying question –</p> <p>Section 34.10 references to Section 39.6.1, which describes the concept of offer cap. The CAISO should consider whether the reference to Section 39.6.1 here is sufficient to address the applicability of different offer caps under Order No. 831 which is covered in a different section (Section 30[1]).</p> <p>34.10 Dispatch of Energy from Ancillary Services</p> <p>...If Contingency Only reserves are dispatched through the RTCD, which as described in Section 34.5.2 only Dispatches in the event of a Contingency, such Dispatch and pricing will be based on the original Energy Bids <u>using maximum Bid prices as provided in Section 39.6.1.</u></p>	<p>The CAISO has proposed revisions to Section 39.6.1 in its Order No. 831 compliance filing. By incorporating that section by reference in lieu of specifying the maximum price, these tariff revisions will account for Order No. 831 revisions and related enhancements.</p>
<p>EIM coordination and Resource Sufficiency Test</p>	<p>[PG&E]</p> <p><u>1. Adding the Uncertainty Requirement to the Capacity Test</u></p> <p>The CAISO proposes to add the Uncertainty Requirement from the flexible ramping product to the supply requirement in the bid-range capacity test. PG&E notes its concern that the Uncertainty Requirement calculation referenced in the tariff revisions is in the process of being updated due to concerns that it does not consider forecasted loads and conditions affecting variable energy resources on the operating day and may set an inappropriately high requirement.</p> <p>The Market Surveillance Committee’s (MSC) March 2, 2021 opinion expresses similar concern with implementing the proposed change this summer and the potential for unintended</p>	<p>The CAISO will implement a feature to disable the Uncertainty Requirement in the capacity test portion of the resource sufficiency evaluation.</p> <p>In support of this feature, the CAISO will provide the following tariff parameters for activation:</p> <p>For a period of 12 months after the Uncertainty Requirement has been included in accordance with this Section 29.34(l), the CAISO may upon Market Notice of at least three (3) Business Days no longer include the Uncertainty Requirement if—</p> <ul style="list-style-type: none"> (a) the frequency or magnitude of capacity test failures supports a conclusion that the results were unintended and caused by including the Uncertainty Requirement; (b) the CAISO submits an informational report



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	<p>consequences. The MSC noted that unintended sufficiency test failures could occur if the current Uncertainty Requirement calculation remains in place and is added to the capacity test requirement.[1] The MSC further recommended that CAISO “retain the ability to switch this feature off on short notice if it becomes apparent that it is operating in a manner materially different than intended.” As such, PG&E recommends adding tariff language in Section 29.44(l) to allow the CAISO to suspend this requirement if it produces unintended adverse outcomes.</p> <p>[1] Members of the Market Surveillance Committee of the California ISO. “Opinion on Market Enhancements for Summer 2021 Readiness.” Published March 3, 2021. http://www.caiso.com/Documents/MSCOpiniononMarketEnhancementsfor2021SummerReadiness-Mar8_2021.pdf</p>	<p>to FERC within 30 days explaining and supporting its conclusion; and</p> <p>(c) the Uncertainty Requirement remains excluded from the capacity test unless and until FERC authorizes otherwise.</p>
<p>EIM coordination and Resource Sufficiency Test</p>	<p>[PG&E]</p> <p><u>2. Clarification of the phrase “the CAISO equivalent”</u></p> <p>The phrase “or the CAISO equivalent” is added four times in the draft tariff language immediately following the phrases “EIM Resource Plan” and “EIM Base Schedules.” The definition of this phrase has not been explained in the draft policy proposal or other policy documents. PG&E seeks clarification of the meaning of the phrase “or the CAISO equivalent” and requests additional tariff language specifying that this phrase will be further defined in the business practice manuals. Suggested tariff revisions are included below.</p>	<p>See below.</p>
<p>EIM coordination and Resource Sufficiency Test</p>	<p>[PG&E]</p> <p>Symmetry between the EIM Entity BAAs and the CAISO BAA</p>	<p>See below.</p>



	<p>The draft tariff language inserts the phrase “the CAISO Balancing Authority Area / BAA” in eight instances immediately following the phrase “EIM Entity BAA” in Sections 29.34(m) and 29.34(n). It is our understanding from the CAISO stakeholder call that the intent of this language is to create symmetry in the tariff between the CAISO BAA and EIM Entity BAAs. These new tariff references do not appear to be discussed in the draft final proposal or other policy documents, however. PG&E requests further explanation of the practical impacts of these changes.</p>	
<p>(I) EIM Resource Plan Evaluation</p>	<p>Please see PG&E’s proposed edits in blue font below.</p> <p>1. The EIM Base Schedules for resources included in the EIM Resource Plan must balance the Demand Forecast for each EIM Entity Balancing Authority Area <u>and the Uncertainty Requirement determined in accordance with Section 44.2.4 and for the CAISO Balancing Authority Area the RUC Schedules, the HASP Advisory Schedules and HASP Intertie Block Schedule or the FMM Schedules, as applicable and as detailed in Business Practice Manuals, must balance the Demand Forecast and Uncertainty Requirement determined in accordance with Section 44.2.4.</u></p>	<p>The CAISO will include the requested reference to “Business Practice Manuals”.</p>
<p>(I) EIM Resource Plan Evaluation</p>	<p>Please see PG&E’s proposed edits in blue font below.</p> <p>2. Insufficient Supply. An EIM Resource Plan <u>or the CAISO equivalent</u> shall be deemed to have insufficient Supply if the sum of EIM Base Schedules from non-participating resources and the sum of the highest quantity offers in the Energy Bid range from EIM Participating Resources, including Interchange with other Balancing Authority Areas, is less than the total Demand Forecast that the EIM Entity Scheduling Coordinator has decided to use for the associated EIM Entity Balancing Authority Area <u>and the Uncertainty Requirement determined in accordance with Section 44.2.4, and for the</u></p>	<p>The CAISO will include the requested reference to “Business Practice Manuals”.</p>



	<p><u>CAISO Balancing Authority Area the RUC Schedules, the HASP Advisory Schedules and HASP Intertie Block Schedules or the FMM Schedules, as applicable and as detailed in Business Practice Manuals, are less than the total Demand Forecast and the Uncertainty Requirement determined in accordance with Section 44.2.4.</u></p>	
<p>(I) EIM Resource Plan Evaluation</p>	<p>Please see PG&E's proposed edits in blue font below.</p> <p>3. Excess Supply. An EIM Resource Plan <u>or the CAISO equivalent</u> shall be deemed to have excessive Supply if the sum of EIM Base Schedules from non-participating resources and the sum of the lowest quantity Bids in the Energy Bid range from EIM Participating Resources is greater than the total Demand Forecast that the EIM Entity Scheduling Coordinator has decided to use for the associated EIM Entity Balancing Authority Area <u>plus the Uncertainty Requirement determined in accordance with Section 44.2.4, and for the CAISO Balancing Authority Area the RUC Schedules, the HASP Advisory Schedules and HASP Intertie Block Schedules or the FMM Schedules, as applicable and as detailed in Business Practice Manuals, are greater than the total Demand Forecast and the Uncertainty Requirement determined in accordance with Section 44.2.4.</u></p>	<p>The CAISO will include the requested reference to "Business Practice Manuals".</p>
<p>Reliability Demand Response Dispatch</p>	<p>PG&E does not have specific concerns with the tariff language for RDRR. However, PG&E continues to be concerned with how the tariff language will be implemented and requests this be clarified before CAISO files its tariff at FERC and prior to the BRS process. As mentioned in previous comments, the CAISO has not provided enough examples of what limitations might be in place and illustrations of how this will work. Without examples, PG&E's concern is that pulling RDRR into the RTPD may mean that some designations in the master file (e.g., start up time, ramp rate, long start vs. short start) may not be respected. PG&E is concerned that if there are limitations and parameters are not carried forward in RTPD</p>	<p>The CAISO will address implementation concerns prior to filing. Currently, RDRR bids are only considered in the RTD and are not considered in any commitment process, not the RTUC (aka RTPD) or the STUC. At a minimum, RDDR must be considered in the RTUC/RTPD in order to be committed and available in the RTD. By extending RDRR participation options to the all of the available real-time market options, including STUC, and the FMM and hourly markets, RDRRs will have all the options for participation that best match their resource characteristics.</p>



	<p>that infeasible dispatches could occur or that the dispatch would not align with the Base Interruptible Program’s retail tariff requirement for a 30 minute notification time.”</p>	
<p>Scarcity pricing enhancements: Energy Bids from Operating Reserves when Arming Load to Meet Reserves</p>	<p>PG&E reiterates the key concerns noted in our comments on the draft final proposal’s real-time scarcity pricing enhancements. We request the CAISO confirm that our understanding of the policy proposals is correct and consistent with the tariff language.</p> <p>1. <u>Difference between current practice and the proposed change</u></p> <p>a. In the current practice, the operators will release the contingent non-spin reserve at the maximum bid price and the non-contingent non-spin at the original bid price through RTCD, during load arming. The proposed enhancement is focused on the non-contingent non-spin and the price at which it will be released would be the maximum bid cap price.</p>	<p>The CAISO is not proposing any change to practices beyond how the market prices dispatched non-contingent reserves.</p>
<p>Scarcity pricing enhancements: Energy Bids from Operating Reserves when Arming Load to Meet Reserves</p>	<p>[PG&E]</p> <p>2. <u>The visibility of bids</u></p> <p>a. While not stated in the proposal or the Tariff, the CAISO will release all of its contingent and non-contingent non-spin reserves if arming load during an EEA3 emergency. Releasing the full set of the non-spin reserves will be based on the fact that CAISO has been successful in securing enough load that could be armed, <i>i.e.</i>, the total amount of load armed is at least as much as the non-spins released.</p> <p>b. Assuming the facts in 2(a) above, the proposed</p>	



	<p>enhancement will not change the releasing order of the reserves' bids. However, it could change the dispatch order of the released reserves, because a resource of a lower bid price may have a higher or equal bid cap price in the bid stack.</p> <p>c. During load arming, the reserve resources will be released at their bid cap price in the scheduling run in RTCD, wherein their schedule is determined, and their price is determined in the pricing run if dispatched. PG&E further requests that CAISO confirm that all the bids will be transparent to market participants.</p>	
<p>Scarcity pricing enhancements: Energy Bids from Operating Reserves when Arming Load to Meet Reserves</p>	<p>[PG&E]</p> <p>3. <u>Impact on price formation</u></p> <p>Under the proposed enhancement, the real-time price could rise to \$2,000/MWh under any of the following conditions once Order 831 becomes effective: (i) the power balance constraint is violated, (ii) contingency only reserves are released under a contingency through RTCD, and (iii) contingent and non-contingent non-spins are dispatched after being released during load arming.</p>	<p>This is correct.</p>
<p>Scarcity pricing enhancements: Energy Bids from Operating Reserves when Arming Load to Meet Reserves</p>	<p>[PG&E]</p> <p>4. <u>Impact on reliability</u></p> <p>It is possible that a contingency may trigger an EEA3 emergency. In such a case, according to the Tariff, if the CAISO chose to arm load, it would automatically release all the contingent and non-contingent reserve, and the armed</p>	



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	<p>load would be called for shedding due to the contingency. Based on our understanding in 3 above, such a procedure will expose customers to high prices (\$2,000/MWh) while simultaneously losing load. PG&E urges the CAISO to consider such scenarios and design hedges accordingly.</p>	
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