January 19, 2022

Responses to Stakeholder Comments – *Transmission Service & Market Scheduling Priorities Phase 1 Draft Final Proposal*

The CAISO received comments on the Phase 1 draft final proposal on January 7th, ahead of a special joint session of the ISO Board of Governors and EIM Governing Body on January 20th. This document outlines ISO responses to received comments from the following entities:

1. Arizona Public Service
2. California ISO Department of Market Monitoring (DMM)
3. California Public Utilities Commission – Energy Division
4. Imperial Irrigation District
5. Joint CA LSEs
6. NV Energy
7. Powerex Corp.
8. Salt River Project (SRP)
9. Shell Energy
10. WPTF

Copies of the comments submitted are located on the Transmission Service and Market Scheduling Priorities webpage at:

https://stakeholdercenter.caiso.com/StakeholderInitiatives/Transmission-service-and-market-scheduling-priorities

The following are the CAISO's responses to the stakeholder comments that raised questions, clarifications, or otherwise made suggestions for changes to aspects of Phase 1 or certain elements of Phase 2 of the initiative.

1. Arizona Public Service (APS) Submitted by: Tyler Moore		
No	**Comment Submitted**	**CAISO Response**
1	APS supports CAISO's efforts to quickly begin Phase 2 of this initiative. However, APS encourages CAISO to prioritize this effort, perhaps even above other market related stakeholder efforts. CAISO has committed to finishing Phase 2 of this Initiative by the end of 2022 to as to allow them sufficient time for filing and approval at FERC, and subsequent implementation in advance of the Summer of 2024. APS believes it is of the utmost importance that CAISO stick to this timeline so that a fair and equitable scheduling paradigm may be achieved as soon as possible. APS remains concerned that enhancements/changes to the current CAISO market rules and processes continue to take a back-burner to market products that have yet to be developed (i.e.: EDAM). Additionally, given the importance of this issue to the non-California EIM Entities (including their Regulators and other stakeholders), APS requests that this initiative be placed under the joint authority of the EIM Governing Body and CAISO Board of Governors.	The ISO intends to prioritize Phase 2 of this initiative – development of the long term durable framework – in 2022 recognizing the importance of this topic for both the CAISO and external load serving entities. The ISO will consider the merits of the long-term framework developed under Phase 2 being placed under joint authority of the EIM Governing Body and the ISO Board of Governors.

2. Department of Market Monitoring (DMM) Submitted by: Adam Swadley		
No	**Comment Submitted**	**CAISO Response**
1	If non-RA capacity calculated in CIRA considering de-rate and outage information is not reflected in SIBR – as indicated in the ISO's footnote cited above – and resource de-rate and outage information is not otherwise considered in the SIBR calculation of non-RA available export capacity, DMM suggests the ISO consider a SIBR enhancement that would allow outage and de-rate information to be reflected in the SIBR calculation of non-RA eligible export capacity. This enhancement would improve the effectiveness of the ISO's proposed transparency enhancements for scheduling coordinators submitting PT exports. This would also allow SIBR validation rules to use outage data directly to deprioritize PT export schedules to LPT when the supporting resource is de-rated and does not have sufficient non-RA capacity available to support the PT export rather than relying on submitted bids to reflect de-rated capacity used to calculate used to calculate non-RA eligible export capacity. Should the ISO elect not to incorporate de-rate and outage information in the calculation of non-RA eligible export capacity and rely only on bid submission of the supporting resource to reflect de-rates in the calculation of non-RA capacity, this may leave the ISO exposed to reliability risk under extreme system conditions. If a resource supporting a PT export is de-rated but does not accurately reflect its availability in submitted bids, and there is no SIBR validation to prevent the de-rated capacity from supporting a PT export, DMM views this scenario as one where the ISO could benefit from reserving the right to curtail such PT exports in emergency conditions, if needed, to avoid shedding CAISO load.	The ISO considered this type of an enhancement, but such a change to SIBR would be extensive and significant with potential adverse technological impacts across different systems. Although the ISO will be providing visibility into the non-RA capacity of the resource in SIBR, the caveat is that this information may not fully reflect outage information of the resource. The ISO expects that the supporting resource, in determining how it may support high priority exports, will also take into account any outage information to the extent applicable. The resource owner or scheduling coordinator for the resource will have submitted the outage and thus should be able to consider that information in deriving its non-RA capacity. The ISO will notify the scheduling coordinator of the resource when the resource has been identified as supporting a high priority export in SIBR, triggered by the submission of the high priority export self-schedule or modification to it. Under section 30.5.11(aa) the designated supporting resource is ultimately responsible for notifying the ISO if it is unable to support the high priority export based on the rules and requirements in place.
2	Other BAAs appear to reserve the right to curtail exports backed by generation that is physically unavailable, even if not standard practice to do so.	Through the work over the last year, the ISO has established that high priority exports (PT exports) have equal priority to load such that in a curtailment situation ISO load and PT exports would be curtailed on a

No	Comment Submitted	CAISO Response
	CAISO should adopt a similar standard to other BAAs DMM understands that other BAAs in the west may not, as standard practice, curtail exports of transmission customers, even when the supporting generation resource is unavailable to produce at the level of the scheduled export. However, DMM also understands that the OATTs and/or operating agreements of other BAAs make exports of transmission customers in those BAAs subject to curtailment under these conditions. This provision appears to reserve the right for the BAA to curtail the export in emergency conditions to avoid shedding native load when the supporting generator is unavailable, imbalance energy is unavailable to continue to supporting the export, and operating reserves have been exhausted. DMM believes that the CAISO BAA could reduce reliability risk associated with extreme system conditions by adopting a standard similar to that of other BAAs. Such a standard, even if not common practice, would allow CAISO to curtail PT exports if necessary as a last resort to avoid load curtailment only when the designated supporting resource is physically incapable of supporting the associated real-time PT export.	pro-rata basis. Moving away from this framework and curtailing a PT export ahead of load, even in instances when the supporting resource may go on an unplanned outage in the middle of the operating hour, could adversely affect t the reliability of the receiving BAA for that operating hour and jeopardizing the certainty and dependability the ISO intends to provide to PT exports establishing scheduling priority. It is important to recognize that the granular regional practices or scenarios are not captured within the pro-forma open access transmission tariff. The DMM has not identified or pointed to specific provisions regarding these practices. It is the ISO's understanding based on the Idaho Power Company (Idaho) presentation in January 2021 (cited in the draft final proposal), and subsequent discussions, that Idaho's practice is to not curtail an export sourcing from a generator that goes offline in the middle of the operating hour. The resource, however, would be subject to imbalance charges. If in subsequent hours the generator is offline, Idaho would not permit the offline resource to submit export schedules sourcing from the offline generator and, if it did, Idaho would curtail the export. Similarly, on the ISO's system, if a supporting resource goes offline due to an unexpected outage in the middle of the operating hour, the ISO would continue to honor the PT export priority on par with load for the remainder of the hour. Depending on the grid conditions, the ISO may deploy contingency reserves in response to the loss of a generator, whether or not it was supporting a high priority export. If necessary, in those extreme conditions, the PT export would be curtailed on a pro-rata basis with load, instead of ahead of load. To the extent the supporting generator were to remain on outage, subsequent market runs would recognize that the generator is unable to support a PT export, and the supporting resource would also be expected to notify the ISO that it is unable to support a PT export schedule, under section 30.5.1(aa) of the tariff, to the extent a PT export schedule was submitted with the identified supporting resource that was offline.

3. California Public Utilities Commission (CPUC) – Energy Division
Submitted by: Michele Kito

No	Comment Submitted	CAISO Response
1	In addition, CPUC staff is also concerned that the proposed interim framework allows external entities to reserve valuable transmission capacity internal to CAISO (and receive priority equal to load during stressed system conditions), with no payment to California customers to reserve that transmission. To obtain this high priority access, external entities are required to obtain a "firm supply contract" and "monthly firm transmission" as shown below, and included in CAISO's tariff. **Priority Wheeling Through** A Self-Schedule that is part of a Wheeling Through transaction consistent with Section 30.5.4 that is supported by (1) *a firm power supply contract* to serve an external Load Serving Entity's load throughout the calendar month and (2) *monthly firm transmission* the external Load Serving Entity has procured under applicable open access tariffs, or comparable transmission tariffs, for Hours Ending 07:00 through 22:00, Monday through Saturday excluding NERC holidays, from the source to a CAISO Scheduling Point. (Emphasis added.) However, CAISO has reported that despite the "firm power supply contract" and "monthly firm transmission" requirements, external entities have reserved high priority wheel through transactions in much larger quantities than they have used, calling into question whether a "firm supply contract" means firm, in the common use of the term. For example, while external entities reserved 687 MW of high priority wheeling transactions with "firm power supply contracts" in September, they only wheeled up to 97 MW on the first 10 days in September. In the words of the Market Surveillance Committee, "*High priority wheels will gain the equivalent of firm access under 'pay as you go' terms,*" and this is what occurred despite these external entities attesting to holding "firm" supply contracts.	The CAISO recognizes the CPUC energy division perspective regarding consideration of compensation for transmission service reserved to support wheeling through transaction. Phase 2 of the initiative will consider rate structure issues within its scope, and it will be informed by the type and qualities of the transmission service product(s) identified through the design process. Regarding the quality of contracts supporting wheeling through arrangements, the tariff lays out the particular requirements parties must meet to register a high priority wheel through transaction. Although an entity may have a contract supporting a wheeling through transaction, it does not necessarily mean it must be offered into the market or utilized every single hour of the day. External LSEs are able to identify how they want to serve their load in any given hour, optimizing generation, managing the different risks and other factors, including consideration of risk of curtailment and other conditions depending on their generation portfolio. The ISO did not intend the framework to an external LSE have a must offer or must self-schedule obligation for a priority wheeling through transaction. Depending on system conditions, the LSE may not have a need to rely upon generation wheeling through the ISO to serve load, and the ISO did not intend to impose that requirement. Because the qualification requirements are laid out in the tariff, the ISO and/or the Department of Market Monitoring (DMM) may seek information from entities with registered high priority wheeling through transactions, as needed, to demonstrate compliance with the requirements that have been attested to meeting.

No	Comment Submitted	CAISO Response
	Below are estimates of wheeling payments under various scenarios that demonstrate how these pay-as-you go terms work: • $0 -- if the external entities reserved 687 MW for "firm" power supply contracts, but did not use any of it. • $214,176 - if the external entities reserved 687 MW, but only used 97 MW for 10 days in a month (10 days x 16 hours x $13.8/MW x 97). • $3,640,550 -- if the external entities had to pay for transmission six days a week for 16 hours a day for what would commonly be considered a firm power contract (6 days x 16 hours x 4 weeks x $13.8/MW x 687 MW). Given that entities only need to pay for the wheeling transaction if they wheel, this means that this is, essentially, a free option to use the transmission system paid for by California customers, $2.7 billion annually – hardly a just and reasonable result, and clearly not what was intended in requiring firm power supply contracts to reserve this transmission capacity. Accordingly, CPUC staff strongly urge CAISO to *require* external entities to pay for the transmission system that they reserve, for implementation next summer (and for Summer 2024 if the second phase of this initiative is delayed by another year). If this change were implemented, rather than paying only $214,000, the reservation charge would be an order of magnitude higher and would reflect costs somewhat more commensurate with the benefits of reserving this transmission capacity.	
2	Despite these continuing concerns, CPUC staff supports the proposal to retain the existing framework, at this point in time, even if these recommended changes are not adopted, primarily because there are no other options currently on the table, given that CAISO has rejected CPUC staff and other parties' proposals to cap or otherwise constrain – beyond the current, limited measures – the number of wheeling transactions that will be given priority equal to load during stressed system conditions.	The ISO appreciates the CPUC energy division's perspective on its concerns with an interim extension, as opposed to a permanent extension and the associated risk that FERC may not adopt potential future interim extensions, thus reverting back to the priorities prior to the interim framework. The ISO is committed to working collaboratively with all stakeholders to develop a robust and durable long term framework under Phase 2 of the initiative. It is important for the ISO to demonstrate this commitment by through a time limited interim extension, recognizing the magnitude and importance of developing a durable framework that

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	At the same time, CPUC staff strongly opposes CAISO's proposal to sunset this interim proposal on June 1, 2024, and return to a situation where wheeling transactions have super priority over load. The reliability concerns associated with those rules have been recognized by CAISO, as well as CAISO Board members, the MSC, the Department of Market Monitoring (DMM), as well as numerous California parties. For example, the CAISO itself recognized that returning to a situation where wheeling transactions have priority over load was, in its own words, "untenable" and "could potentially result in load shedding": Although the CAISO did not observe consequential wheeling through transactions during last summer's load shed events, it expects increased wheeling through transactions this summer, which would displace RA imports *under the current parameter settings*. … Increased wheeling through transactions potentially can prevent the CAISO from serving its native load even from internal RA resources built to serve CAISO load and paid for by CAISO LSEs. *This is untenable, and it could cause load shedding if not addressed*.[6] (Emphasis added.) It seems untenable and unjust and unreasonable to include a sunset provision in these interim rules that would result in a return to tariff provisions (that is, those that would go back into effect on June 1, 2024, absent adoption of new tariff provisions) that are widely understood to be "untenable," that could threaten reliability and that, in CAISO's own words, "could cause load shedding if not addressed."	better addresses the needs of internal and external stakeholders. A limited extension for the next two summers provides the ISO and stakeholders with time for policy development and implementation of a durable framework to avoid being in a position to have to seek another extension of the interim framework.
3	In its previous comments, CPUC staff requested additional information on exports and wheels that occurred on July 9th. These questions/issues were not addressed in CAISO's revised proposal, nor were they addressed during the stakeholder call, despite the issue being raised there as well. CPUC staff's concern is that while CAISO has indicated that wheels must be "paired," it is not clear this occurred on July 9th. Despite losing considerable	The ISO has shared extensive data, analysis, and information regarding the July 9th conditions in other public forums and on its website. The draft final proposal is not be the appropriate place to discuss those events in part because the wheeling through interim priorities, which are subject of the policy review, were not yet in place at that time. The priorities were implemented a month later, in August. Wheeling through transactions are considered and treated by the market as a single transaction rather that a combination or pairing of

No	Comment Submitted	CAISO Response
	import capacity due to significant transmission outages, it does not appear that any wheeling transactions were cut. While part of the explanation may be that the transmission penalty parameters did not cut the imports in the HASP process, and thus the wheels were mistakenly scheduled, the wheels continued to occur even after the HASP process accounted for the transmission derates (see above – hours 7 – 8 pm) and even as CAISO remained in an EEA2. Staff's concern here is that if unpaired wheels do not get cut, then this means that CAISO and California customers will be supporting the export leg of a wheeling transaction, even if the import leg does not exist, which could jeopardize reliability for California customers.	two unrelated import and export transactions. Moreover, a wheeling through transaction is scheduled and tagged as a single transaction, rather than separate tags for the import and export elements. Because these are treated by the market and tagged as a single transaction, to the extent an adjustment or curtailment is made to the transaction, it affects the entire transaction.
4	Separately, and in addition, CPUC staff recommends that the scope of Phase 2 be expanded to include the issue of advisory EIM transfers supporting exports (and more broadly of non-firm imports supporting exports). CAISO identified this issue in its EIM resource sufficiency stakeholder process and, in particular, after in-depth review of the events on July 9th, when CAISO lost access to significant transmission capacity due to the Bootleg fire, and entered into an EEA 2 and EEA3.	This ISO will address this topic in a subsequent phase of the EIM Resource Sufficiency Evaluation initiative.

4. Imperial Irrigation District (IID)
Submitted by: Sean Neal

No	Comment Submitted	CAISO Response
1	The present framework has not resolved IID's concerns regarding the treatment of exports. For instance, the present framework fails to address resource access concerns. Contrary to what the present priorities framework appears to presume, Non-Resource Adequacy ("Non-RA") contracts are not widely available. IID has not seen widespread availability of Non-RA resources to be able to secure and rely upon for export to serve IID load. Further, the present framework continues to fail to address challenges in identifying resources in between the Day-Ahead and Real-Time Markets. As an entity located outside the CAISO's Balancing Authority Area ("BAA"), IID has commented previously that it should be able to rely on its Day-Ahead E-Tag submittals carrying through with priority into the Real-Time Market. However, the change effectuated through Business Practice Manual ("BPM") Proposed Revision Request ("PRR") 1282 resulted in non-award of schedules to IID through the Real-Time Market that were scheduled in the Day-Ahead Market. Under PRR 1282, the CAISO's market timeline for declining exports through publication of Residual Unit Commitment ("RUC") awards for the day ahead horizon is too late for market participants to respond by obtaining equivalent, day-ahead products in Western markets outside of the CAISO because such markets are formally closed. This creates a considerable obstacle for IID to then obtain alternative supply quickly, as IID cannot turn to Western day-ahead markets outside of the CAISO as an option to substitute for non-awarded schedules. IID's concerns regarding resource access and securing substitute power after the Day-Ahead Market closes have not been resolved through the stakeholder process, nor have they been resolved in this draft final policy proposal.	The ISO believes that the export priorities framework developed and implemented last summer, which provides for different export priorities depending on whether the export is supported by resource adequacy and non-resource adequacy capacity, strikes the appropriate balance in protecting the ability of the ISO to serve native load and maintain system reliability. The framework also provides clear rules and requirements under which market participants can establish high priority for their exports. The ISO does not foreclose the opportunity to continue evaluating policy changes regarding export rules and requirement, as appropriate.
2	Additionally, the present framework has not resolved IID's concerns regarding the burden presented by the advanced contractual commitments required for wheel through transactions. For wheel through transactions to obtain a high priority, an entity must first procure monthly firm transmission external to the CAISO BAA to reach the CAISO BAA for the hours of delivery in the executed	The ISO recognizes that the current interim wheeling through priorities framework does not provide a long term durable process. Extending the interim wheeling through priorities will provide the ISO and its stakeholders with additional time to collaboratively work toward the development of a long-term and durable framework for establishing market scheduling priorities. This durable framework – a transmission

No	Comment Submitted	CAISO Response
	contract. The entity must then notify the CAISO at least 45 days prior to the month of the MW quantity of the wheel, and scheduling coordinators must attest that appropriate firm transmission has been secured to the CAISO border. These requirements create unreasonably high hurdles for IID in accessing wheeled-through resources, limit the number of high priority transactions for which IID can qualify, and fail to provide IID with the flexibility it needs during peak periods. Instead, IID is left to rely on non-priority wheel-throughs, purchasing energy first and bearing a higher risk that the energy paid for will not actually flow, to serve IID's load. IID understands that the CAISO is extending the interim provisions to provide greater certainty as to the rules for wheeling through the CAISO system and to provide time for the CAISO and stakeholders to develop and implement the longer term transmission reservation framework. The present state of affairs, however, is unsatisfactory and fails to resolve resource access concerns and challenges, which IID has raised in previous comments. Accordingly, IID reiterates its concerns and urges the CAISO to accelerate its focus on developing more durable solutions to address these concerns.	reservation process – will be further developed in Phase 2 and will allow for consideration of moving away from the requirements currently imposed through the interim framework. The ISO hopes that IID will participate in those discussions and provide feedback throughout the stakeholder process.

5. Joint CA LSEs Submitted by: multiple parties		
No	**Comment Submitted**	**CAISO Response**
1	The CAISO should make the completion of the remainder of this initiative a high priority in 2022. The Joint CA LSEs support the CAISO's proposal to extend the interim wheeling-through scheduling priorities framework approved by FERC and currently in effect, which otherwise would expire on June 1, 2022. FERC found these scheduling priorities to be just and reasonable on an interim basis, not unduly discriminatory, and consistent with open access principles. Reverting to the previously effective priorities would be unjustified. The CAISO should make the completion of the remainder of this initiative a high priority in 2022. As such, the CAISO should consider accelerating the current Phase 2 timeline in order to open up the possibility of implementing elements of the long-term scheduling priorities framework as soon as summer 2023. The proposed two-year extension of interim scheduling priorities to June 2024 should not preclude the CAISO from striving to develop and implement remaining elements of this initiative before then. One approach to accelerating the process could be revising the Phase 2 timeline to target submitting the proposal to the CAISO Board and EIM Governing Body by August 2022, rather than December 2022.[1] We believe a modified timeline could enable the implementation of elements of the long-term scheduling priorities framework as soon as summer 2023. The Joint CA LSEs understand the need to provide certainty for entities outside of the CAISO BAA and to set a realistic timeline for developing and implementing a new transmission reservation process. But while the interim scheduling priorities framework constitutes a significant improvement over the priorities structure previously in effect, the interim framework nevertheless falls short of providing CAISO BAA customers with reliability and native load protections that are on par with those of other BAAs. The interim framework also does not include a rate structure that ensures wheeling customers electing to obtain high priority wheeling access	The ISO recognizes the impacts and importance of this effort and is committed to prioritizing and working collaboratively with stakeholders in the development of a long term durable framework for establishing scheduling priorities through Phase 2 of this initiative.

No	Comment Submitted	CAISO Response
	are contributing to the revenue requirement for the CAISO transmission system in a manner that is commensurate with receiving priority comparable to native load. The Joint CA LSEs believe that, in the subsequent phase of this initiative, the CAISO can and should consider implementing improvements to the interim scheduling priorities framework earlier than two-and-one-half years from now, as well as accelerating the process to develop and begin implementation of the long-term framework.	
2	<u>The CAISO should take further actions to ensure high priority (PT) exports do not exceed the non-RA capacity of designated supporting resources</u> The Joint CA LSEs appreciate the CAISO's attention to concerns regarding instances in which PT export schedules could exceed the non-RA capacity of the designated supporting resource. The Draft Final Proposal includes improvements that should help mitigate the risk of underproducing or physically unavailable resources supporting PT exports. These improvements include: 1. Creating new technology functionality in the Scheduling Infrastructure Business Rules (SIBR) system to provide scheduling coordinators for both the exporters and designated supporting resources with more visibility into the resource's non-RA capacity and ability to support a PT export. 2. Updating the CAISO tariff to require that the "most recent forecast" for VERs supporting PT exports, rather than the forecast at the time of bid submission, is equal to or greater than the PT export quantity. While these are positive steps, the Joint CA LSEs disagree with the CAISO's decision to forego the opportunity to create flexibility for the CAISO to make adjustments to PT export schedules in cases in which they exceed the non-RA capacity of the supporting resource and in order to maintain reliability.[1] We urge CAISO to reconsider its current proposal and consider ways to provide flexibility in the tariff to adjust PT export schedules, particularly in instances when the PT export can no longer be supported due to changes in the availability of the supporting resource and the CAISO BAA's	In stressed system conditions, including emergency conditions, the ISO is able to call on the designated resource supporting a high priority export that may be under-producing compared to its capability, as well as any other resource under-producing compared to its capability, to increase generation above its current levels to help maintain system reliability. The ISO has exercised this operational tool in stressed system condition in the past, and intends to continue doing so if the conditions warrant it and if it would be in the interest of reliability. As discussed in response to DMM's comments in the context of curtailment of PT exports ahead of load if the supporting resource is offline, the ISO intends to provide certainty on the treatment of PT export scheduling priority. Curtailing PT exports ahead of load in stressed conditions, if the designated resource is under-performing, potentially places the risk on the receiving BAA and raises additional policy questions regarding the level of under-performance to trigger such action. Western BAAs do not curtail an export in normal or stressed system conditions if it is under producing within the operating hour, but these may be subject to imbalance charges. And, as noted above, the ISO has the ability to call on the under-performing resources in stressed system conditions to increase output or to be exceptionally dispatched if necessary and in the interest of reliability. The ISO can continue to monitor and evaluate issues related to the treatment of high priority exports as they arise.

No	Comment Submitted	CAISO Response
	reliability is at risk. We also request that CAISO monitor and report instances in which PT exports exceed the available non-RA capacity of the designated supporting resources.	
3	<u>CAISO should clarify the definition of non-RA capacity</u> The Joint CA LSEs request clarification of non-RA capacity values that are used in determining the quantity that may support a PT export. Specifically, we ask the CAISO to address the comments made by the CPUC Energy Division on the December 20, 2021 stakeholder call that identified a potential discrepancy in the definition of "non-RA capacity" between the CAISO Tariff and the CAISO market software. We would appreciate clarification of this issue and how defining non-RA capacity as the amount above the NQC for hydro resources or the ELCC NQC for wind and solar resources would impact the amount of capacity that can be used to support PT exports.	Under the ISO tariff RA Capacity is capacity reflected in a RA Plan and a Supply Plan. Non-RA Capacity can include (1) unsold capacity, (2) capacity sold to an external entity, and (3) capacity sold to an ISO LSE that is not shown on a Supply Plan or RA Plan. Regarding the question of the treatment of non-RA capacity above the NQC amount of a resource, section 30.5.1(aa) of the tariff establishes the expectation that capacity above the NQC amount that has been sold to an ISO LSE cannot be designated capacity supporting a high priority exports (PT exports). Also under section 30.5.1 (aa), the scheduling coordinator for a resource must indicate that is has sold capacity to an external BAA, and if it does not, the resource cannot be a designated resource for a PT export. Section 30.5.1 (aa) specifies other requirements for resource supporting PT exports.
4	<u>Transparency enhancements should include monthly reporting of wheeling revenues from PT wheel through transactions</u> The Joint CA LSEs appreciate and support the CAISO's publication of regular data related to wheel through and export transactions on the CAISO system. We request that the CAISO also provide monthly reporting of wheeling revenues from PT wheeling transactions.	The ISO will look to gather and make this data available on its website.
5	<u>The CAISO should clarify the meaning of "the most recent forecast" for Variable Energy Resources supporting PT exports</u> The CAISO proposes to modify section 30.5.1(aa) to include a reference to a Variable Energy Resource's "most recent forecast." We would appreciate clarification of which forecast this refers to.	The ISO has made a revision to the draft tariff language (discussed during the tariff meeting on January 14th), to clarify that the reference is to the most recent forecast for the hour for which the bid was submitted.

6. NV Energy Submitted by: David Rubin		
No	**Comment Submitted**	**CAISO Response**
1	NV Energy support of the Phase 1 Draft Final Proposal and the extension of the current interim, wheeling through scheduling priorities framework for Summer 2022 and 2023 is based on the realities of the current situation. Given FERC's order of June 2020, the pending expiration of the current tariff language in May 2022, the need for certainty for the upcoming summer, and the limitations on the CAISO's ability to file for, receive approval, and implement any alternative, this is clearly the best, and possible only, reasonable course. This realization does not mean that NV Energy believes the current wheel through paradigm is consistent with transmission service in the rest of the West under the FERC's *pro forma*, OATT. In particular, the lack of any firm transmission product shorter than a month-ahead basis, limits the ability of entities in the Desert Southwest to respond to unexpected weather, generation or transmission outages, as well as shorter-term economic opportunities for Northwestern suppliers who might not be comfortable with long-term horizon sales. The Phase 2 background sessions to date have been helpful and NV Energy commends the presenters who have shared their experience and expertise. NV Energy is tentatively supportive of the proposed scheduled but concerned about the overall volume of significant stakeholder initiatives: EIM resource sufficiency, price formation, EDAM, resource adequacy, and others. In pursuing so many high priority issues, it will be hard to adhere to the current projected timeframes. One change NV Energy would recommend would be to the decisional classification of Phase 2. We do not disagree that under the currently-approved framework the EIM Governing Body would only have advisory authority. Given the importance of this issue to non-California EIM Entities, their customers, and their regulators, NV Energy would respectfully request that the CAISO seek Board of Governor authorization to place this initiative under joint authority.	The ISO recognizes the magnitude of the importance of this initiative to both internal and external LSEs. The ISO is open to continuing to monitor and re-evaluate the EIM Governing Body authority as Phase 2 of the initiative is further developed, as the structure of the transmission reservation process is further developed.

7. Powerex Corp. Submitted by: Raj Hundal		
No	**Comment Submitted**	**CAISO Response**
1	What Limitations—If Any—Will The CAISO Place On Assertions Of Native Load Priority To "Hold Back" Transmission Capability? Clarity is needed regarding the limitations or requirements for transmission capacity that is set aside to support imports serving load in the CAISO BAA. The Draft Final Proposal lays out numerous mechanisms and labels under which such set-asides could be implemented, but it does not confront the central question: • Will the CAISO take an expansive view of native load priority and broadly "hold back" transmission so the CAISO BAA can receive imports of spot market energy purchases? • Or will the CAISO take a more qualified approach, and apply native load priority only for transmission necessary to support imports of supply from resources that are committed to serving load in the CAISO BAA (i.e., resources owned or under contract to LSEs in the CAISO BAA)? It is well documented that California's Resource Adequacy program leaves load in the CAISO BAA substantially short of the committed physical supply needed to reliably serve native load in critical hours. And while the problems in the Resource Adequacy program are beyond the scope of this stakeholder initiative, it appears that the historical dependence of the CAISO BAA on speculative spot market imports is now being put forward as a pretext fsor making thousands of megawatts of transmission capability unavailable for any other purpose, or to any other transmission customers. Such a permissive approach would have the direct consequence of further enabling California LSEs to avoid competing with entities in the Southwest to acquire surplus Northwest supply. This would cause self-evident harm to ratepayers in the Southwest—who will be shut out from competing for Northwest supply—but it will also harm Northwest ratepayers, who will see reduced demand for their product. Powerex believes it is inappropriate for any transmission provider to limit transmission access, under the guise of native load priority, so that native load-serving entities can "keep their options open" up to and through real-time, rather than competing for supply on a forward basis. The inherent tension between open access for transmission service and preferential access for native load must be workably resolved prior to focusing on the mechanics of implementation. Powerex strongly recommends that the CAISO put this issue squarely before stakeholders at the outset of the Phase 2 process.	Regarding development of a transmission reservation process, in Phase 2, for wheeling through transactions to establish high scheduling priority, the ISO intends to pursue this development consistent with FERC guidance on native load priority and open access principles. The ISO intends to work closely with stakeholders to vet the appropriateness and reasonableness of the information supporting reservation of transmission capacity to meet native load needs, as well as the overall transmission reservation framework.
2	Will The CAISO Commit To Developing A Transmission Access Framework That Does Not Explicitly Favor Entities Within The CAISO BAA Relative To Those Outside Of It? A second overarching issue requiring clarification is the extent to which CAISO's transmission access framework will be designed to—or at least have the effect of—unduly favoring entities located within the	The ISO is committed to developing a transmission reservation process that is consistent with open access principles. In deriving the amount of transmission capacity that may be available for reservation, as Powerex notes, on "highly desirable paths" and "during highly desired periods" this is dependent upon the calculation of ATC on these paths

No	Comment Submitted	CAISO Response
	CAISO BAA compared to entities located outside of it. This basic comparability principle has two dimensions. First, Powerex believes external entities should have comparable access to CAISO transmission service as entities in the CAISO BAA enjoy on external transmission systems. This means, for example, making priority transmission service available on a forward basis for wheel-through service on highly desired transmission paths, and during highly desired periods. From the recent stakeholder discussions, Powerex is increasingly concerned that the CAISO's longer-term transmission proposal will ultimately be crafted to ensure that CAISO LSEs effectively receive all of the CAISO's import transmission capability on the Pacific AC and Pacific DC transmission paths during the summer season. This may be achieved not only through overly-permissive claims of native load priority to "hold back" transmission capability, but also through expansive uses of TRM, CBM and other mechanisms that reduce transmission capability available for other uses, including wheel-through deliveries. Second, with regard to the critical issue of transmission access on multi-segment paths (e.g., between Northwest supply and loads in either California or the Southwest), the CAISO has historically adopted both market and transmission rules and practices that result in transmission service priority on the external segments of the delivery path being undermined, and in some cases, rendered meaningless.	and its different components, as is the case with other transmission providers across the west. As part of working group 1, the ISO and its stakeholders have learned about the practices of other western transmission providers and the ISO will work closely with its stakeholders in identifying the appropriate inputs and assumptions in deriving ATC available for reservation, taking into account the ability to set aside transmission capacity for native load needs, other existing commitments and margins across different time horizons similar to the practices of other western transmission providers.

7. Salt River Project (SRP)
Submitted by: Agnes Lut

No	Comment Submitted	CAISO Response
1	The EIM Governing Body decisional classification for this initiative is currently advisory. SRP requests this initiative be recategorized to joint authority because firm transmission rights for transfers will be foundational and play an important role in the Extended Day-Ahead Market (EDAM). SRP is requesting the CAISO make this change due to the evolution of the TSMSP initiative from External Loads Forward Scheduling Rights Process to its current state, as well as the new joint authority governance structure. SRP's request for joint authority for the TSMSP initiative is similar in nature to the decisional classification change that was made by the CAISO for Day-Ahead Market Enhancements. TSMSP's framework will ensure EDAM transfers have a high and constant degree of reliability thus justifying Joint Authority for TSMSP.	The ISO recognizes the perspective of SRP on this topic, similar to NVE comments. As noted earlier, the ISO will re-evaluate the EIM Governing Body role classification as Phase 2 further evolves through the development of a transmission reservation process, recognizing the importance of this initiative to both internal and external LSEs (including EIM entities).
2	CAISO's draft tariff language - Transmission Service and Market Scheduling Priorities - Phase 1 (Effective Jun 1, 2024) Section 4.1.1 Wheeling Through Scheduling Priorities, and page 10 of the Proposal states: "By extending the interim wheeling through scheduling priorities framework, parties wheeling through the CAISO will continue to be able to establish scheduling priority equal to CAISO load – Priority Wheeling Through - by registering a wheeling through transaction at least 45 days ahead of the month and meeting the associated requirements. Under the interim rules the CAISO proposes to extend Priority Wheeling Through customers must demonstrate their wheeling through transaction is supported by (1) a firm power supply contract to serve an external LSE's load throughout the calendar month, and (2) and monthly firm transmission from the source to the CAISO border for Hours Ending 07:00 through 22:00, Monday through Saturday excluding North American Electric Reliability Corporation (NERC) holidays (CAISO Tariff, Appendix A – Definition of Priority Wheeling Through)."	The ISO takes this opportunity to clarify that the current tariff language cited by SRP is not intended to exclude contracts that cover Sundays and/or NERC holidays. To the extent the contract meets the requirements described in the tariff (i.e., Monday through Saturday), if the contract also includes Sundays and/or NERC holidays, it is consistent with the intent of the tariff language. Therefore, the ISO does not believe the addition of the language suggested by SRP is necessary.

No	Comment Submitted	CAISO Response
	Sundays and holidays can be just as crucial as other days, as SRP has historically had peak summer loads occur on such days. As a result, SRP includes these dates in forward adequacy contracts and believes that such dates should be included in Priority Wheeling Through contracts, provided that customers can demonstrate or attest to the inclusion of such dates within their forward contracts. SRP requests that CAISO reevaluate its position and include on-peak hours for all days including Sundays and NERC holidays for Phase 1 implementation. As noted in the Western Electricity Coordinating Council (WECC) *2021 Western Assessment of Resource Adequacy,* the risk of load loss is increasing during off-peak hours, including at night and on Sundays, as variable resources make up a larger percentage of generation portfolios (chapter 3, page 6). SRP requests the CAISO Tariff language in Appendix A be reflective of this change resulting in a strikethrough of "Saturday excluding NERC holidays" and adding the word "Sunday." [*SRP shared the suggested strikethrough and language clarification which can be found in their comments.]*	
3	Additionally, SRP requests that CAISO provide an opportunity for testing software functionality prior to June 2022 Phase 1 implementation to ensure all software variances are addressed prior to Summer 2022. In 2021, SRP worked with the CAISO Market Simulations team to identify a software bug related to the pro rata curtailment. This bug was fixed prior to promoting the software to production; however, EIM participants did not have an opportunity to validate the fix. In addition to this software issue, SRP is aware of a separate defect that prevented utilization of the registered priority wheel in production. SRP proposes adding formal scenarios to a Market Simulation that would allow participants to validate all relevant software that would be required for Phase 1 implementation	The ISO will provide an opportunity for market simulation as part of the release of the software functionality for of Phase 1 of the initiative, ahead of the summer. The timing and further updates on implementation will be provided as part of the biweekly ISO release user group (RUG) meetings identified on the ISO public calendar.
4	SRP requests additional transparency regarding manual curtailments, specifically the methodology CAISO operators utilize after T-75 in advance of the Hour-Ahead Scheduling Process (HASP) run for manual curtailments to reduce exports. SRP would like more information on how the CAISO operator makes the decision on who, how much, and when to curtail while conducting manual curtailments.	The ISO will reach out to SRP offline to better understand the additional information or level of detail requested compared to what is already available regarding operator initiated curtailments in business practices and operating procedures.

No	Comment Submitted	CAISO Response
5	SRP requests clarification on the 2024 draft tariff language that are deletions of the language effective in 2022. SRP would like confirmation that the 2024 draft tariff language is a placeholder or clean version only so that the Phase 2 updates can be added as they become available.	The 2024 language represents the removal of the interim wheeling priorities, and reverting back to the pre-wheeling priorities language, once the interim priorities expire June 1, 2024. The tariff changes developed through Phase 2 of the initiative, once filed, will supplant the interim framework language and the ISO intends to file the new language so as to avoid seeking another extension of the interim wheeling through priorities framework.

8. Shell Energy Submitted by: Ian White		
No	**Comment Submitted**	**CAISO Response**
1	Shell Energy supports this draft final proposal ("DFP") with caveats. We characterize our support for the Phase 1 DFP as supportive such that Phase 2's eventual implementation be given a firm date without the possibility of extending the interim measures under Phase 1 beyond 1 June 2024. We believe the sunset date of Phase 1 should be reflected in the tariff language filed before FERC.	The ISO does not believe a sunset date needs to be included within the tariff language. The transmittal letter will ask FREC to approve a sunset date and the tariff sheets that will become effective after the sunset date. This is the same approach the ISO took in last summer's filing and prior filings that raised similar issues. Including f a sunset date in the tariff is not necessary and would be impractical with the numerous tariff changes across multiple tariff sections, which could cause confusion within the tariff language context as to what provisions the sunset date applies to.
2	Shell Energy agrees largely with past stakeholder comments and the CAISO's reasoning that a phased approach creates the most certainty for all market participants alike as to what the guidelines will be in advance of Summers 2022 and 2023. Certainty is important for the market and participants, but this must be balanced with the need to swiftly move to implement the eventual Phase 2 aspects of TSMSP without undue delay. Given this, Shell Energy recommends the CAISO alter the timeline for Phase 1's end and Phase 2's beginning to 1 January 2024. This represents a more logical breakpoint from Phase 1 to Phase 2, coinciding with the beginning of CY2024. This date accelerates the date slightly while leaving in place Phase 1 certainty for Summers 2022 and 2023. Finally, we believe the CAISO and stakeholders should commit themselves to prioritizing Phase 2 without the possibility for an extension of Phase 1 interim measures. Indicatively, the CAISO and stakeholders' engagement to the Phase 2 workgroups denote commitment; however, we believe the sunset date for Phase 1 measure should be memorialized in filings before FERC.	The ISO appreciates Shell Energy comments and agrees with the sentiment of prioritizing Phase 2 so as to avoid seeking another interim wheeling through priorities extension. The ISO intends to prioritize Phase 2 of the initiative to provide certainty of the rules and support a transmission reservation process ahead of summer 2024.
3	Shell Energy agrees this topic warrants approval before both the CAISO Board as well as the EIM Board of Governors.	Please see responses to NVE and SRP comments on this topic.

10. WPTF
Submitted by: Kallie Wells

No	Comment Submitted	CAISO Response
1	WPTF appreciates the opportunity to submit comments on the CAISO's draft final proposal for Transmission Service and Market Scheduling Priorities. We understand the reasoning behind extending the interim measures through May 2024 such that there is sufficient time to vet and implement a robust and long-term durable solution with stakeholders. That being said, WPTF respectfully requests that the FERC filing includes the sunset date (e.g., May 31, 2024) in the filed Tariff language and not just in the transmittal letter to FERC. Based on the Draft Tariff Language posted, it appears as though the CAISO is planning to draft two separate sets of languages – one with an effective date of June 1, 2022 and another with June 1, 2024. WPTF would like to first confirm that the CAISO plans to file these at FERC simultaneously and ask for approval as a package rather than just approval of the first set (Effective date June 1, 2022). Assuming this is accurate, WPTF appreciates the CAISO setting that expectation up front though suggests that maybe including the sunset date in the draft tariff language itself would be a more effective way to ensure the interim solution is no longer effective as of June 1, 2024. The interim solution that the CAISO and stakeholder community filed to be effective for summer 2021 was done so with the understanding that it was an interim solution; it had some known issues/concerns that would need to be addressed in the effort to develop a long term solution (this effort).Thus, having the sunset date in the Tariff will ensure the known issues/concerns will not be in place any longer than the sunset date absent either another filed extension or the Tariff language reflecting the outcome of this effort. For example, it could be the case that updated Tariff language is not filed in time due to resource constraints on the CAISO side or overloaded implementation schedules. Having the sunset date in the tariff language itself will take a more proactive approach rather than	The ISO appreciates WTPF input and perspective. Regarding the inclusion of the sunset date in the tariff itself, as opposed to only the transmittal letter, please see the ISO response to Shell Energy above.

No	Comment Submitted	CAISO Response
	passive, requiring the CAISO and stakeholders to continually move this effort forward in a timely manner	