



Stakeholder Comments Template

Extended Day-Ahead Market Issue Paper

This template has been created for submission of stakeholder comments on the **Extended Day-Ahead Market (EDAM) issue paper** that was posted on October 10, 2019. Information related to this initiative may be found on the initiative webpage at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/ExtendedDay-AheadMarket.aspx>.

Upon completion of this template, please submit it to initiativecomments@caiso.com by close of business on November 22, 2019.

Submitted by	Organization	Date Submitted
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For the topics below described in the issue paper, please provide your organization's comments on whether the item is within the scope of this initiative. If so, suggestions for how to address the issue. Also, include suggestions for additional topics to be added to the scope of this initiative. Include detailed examples to support your organization's comments.

Please note, the EIM Governing Body and the ISO Board of Governors have jointly established an EIM Governance Review Committee (GRC) that is charged with leading a public process, separate from this initiative, to develop proposed refinements to the current EIM governance. The GRC's role includes considering and developing any proposed changes to EIM governance that may be necessary for EDAM. Comments related to the governance topic should be provided in that process and not in the EDAM initiative.

0. NCPA General Comments

NCPA believes that, while extending the day-ahead market to EIM Entities has potential benefits for the entire region, CAISO should take care to not disrupt the existing CAISO markets and to ensure that resources outside of the CAISO footprint are treated equivalently to resources inside the CAISO footprint. Doing so will require—as the Issue Paper properly identifies—resolving several difficult issues, including how transmission charges will be allocated, how EDAM participating resources will comply with California's greenhouse gas costs, and how to ensure flexible resources will be available and

deliverable when needed. These issues are not only technically complex, but also implicate larger policy issues. NCPA therefore urges CAISO to not rush the stakeholder process and to allocate adequate time to resolving the issues.

1. Transmission Provision

NCPA strongly supports inclusion of transmission issues in this stakeholder initiative. For resources in all EIM Entities to participate in the market on equal footing, CAISO must address how transmission will be made available for transfers in the EIM and how the cost for use of transmission will be allocated.

2. Distribution of congestion rents

NCPA has no comment at this time.

3. Resource sufficiency evaluation (including forward planning and procurement; trading imbalance reserves and capacity; EIM resource sufficiency evaluation)

Resource sufficiency evaluations will be one of the most critical and complex components of the EDAM. Each EDAM participant must have sufficient resources to stand on its own and not be allowed to lean on other entities and degrade market efficiencies. Certain components of the RSE should be consistent with new RA import provisions in order to reduce the potential for double counting of capacity such as that which could occur if an entity included capacity in its RSE that was already committed as RA to an LSE in a neighboring BAA. However, the Import RA provisions and RSE must not be so restrictive that participants are impractically obligated to trace capacity back to individual generators from a given marketer's pool of resources or individual units within an aggregate project. As such, NCPA recognizes there is no one size fits all solution and could potentially support a proposal that requires BAAs to run RSEs using rules that align with their systems' resource compositions and capabilities.

4. Ancillary services

NCPA has no comment at this time.

5. Modeling of non-EDAM imports and exports

NCPA has no comment at this time.

6. External participation

External resources wishing to participate in EDAM should be required to join EDAM in order to ensure a fair and equitable playing field and reduce or even eliminate opportunities for resource shuffling. However, NCPA understands that allowing external generators to participate in EDAM can promote market efficiencies under the right conditions and as such, NCPA could potentially support a proposal that allows external resources to participate under rules and guidelines closely in alignment with those established for resources internal to the EDAM footprint. Such entities must be subject to various fees as necessary in order to recover costs associated with transmission, administrative, or otherwise in order to prevent leaning on EDAM participants' administrative fee contributions.

7. Accounting for greenhouse gas costs

NCPA supports including GHG costs in the scope of this initiative. NCPA agrees that the current approach of addressing secondary dispatch will not be sustainable when applied to the much larger volume of day-ahead transactions compared with the existing residual EIM transactions. Resources must account for GHG costs for which the load they ultimately serve are subject to under individual states' GHG compliance programs. Therefore, NCPA could potentially support changing the tracking paradigm from balancing authority area to state boundary.

8. Convergence bidding

NCPA has no comment at this time.

9. Price formation

NCPA has no comment at this time.

10. EDAM administrative fee

NCPA agrees that an EDAM administrative fee must be developed to fairly allocate CAISO administrative costs across the extended footprint. NCPA expects that such fees would cover day to day operations and exclude any costs associated with implementing and setting up the EDAM program.

11. Review of day-ahead settlement charge codes

NCPA has no comment at this time.

12. Miscellaneous (inter SC trades)

NCPA has no comment at this time.

13. EIM Governing Body classification

NCPA has no comment at this time.

14. Additional items to be added to scope:

A key component missing from the Issue Paper is costs associated with set-up and implementation of the EDAM program. The EIM implementation fee was assessed by calculating the cost of expanding the CAISO's Real Time Market (\$18.3 MM) to other BAAs in the WECC and such fees are allocated based on entities' total share of WECC load excluding ISO load as per certain EIM

Implementation Agreements. EDAM is included in CAISO's proposed 2020 budget as a Medium Amount project and such designation estimates that projected costs will range between \$500,000 and \$1,000,000. The large variance from EIM costs leads one to suspect EDAM costs are understated. Further, the fact the costs are included in the CAISO budget and not referenced at all in the EDAM issue paper implies that California rate payers will be shouldered with the entire burden of EDAM implementation costs and such is not acceptable to NCPA. NCPA respectfully requests that CAISO detail EDAM implementation costs (i.e., the costs associated with expanding CAISO's IFM into the WECC and integration with EIM programs) in the straw proposal. NCPA supports allocating such costs using the same methodology applied to EIM implementation costs.