

Background:

This document provides an opportunity for interested stakeholders to submit informal comments and perspectives on various topics discussed during the working group process. There is recognition that additional details are needed on these topics that will be developed throughout the initiative, and stakeholders will have opportunities to provide more comprehensive and formalized comments on these topics to the extent these become part of a formal proposal. Please be brief in any written responses to facilitate review, recognizing these represent informal reactions at this early stage.

Please submit your comments using this template to ISOStakeholderAffairs@caiso.com by end of day March 14, 2022.

Question:

For each question please identify whether you “generally support”, are “neutral” or “generally oppose” the concepts based on the information discussed in the working groups to date, recognizing that additional detail will be provided through the straw that will allow you to consider the concepts in a more complete light. If desired, please provide additional context and/or identify additional aspects for consideration.

1. Please share your perspective on the transmission “buckets” framework for supporting EDAM transfers.
 - Generally support
 - Neutral
 - Generally oppose

Comments:

NIPPC generally supports the “bucket” framework supporting EDAM transfers but has specific concerns. Preliminarily, NIPPC suggests that CAISO discontinue using the term “donation” with respect to transmission in place of the term “offer.” Customers who offer their transmission to EDAM as part of bucket 2 should be able to bid them at a customer-determined hurdle rate to compensate them for the use of their transmission rights (This allows transmission rights holders to charge what they want for their excess transmission, who may be subject to loss charges if used for transfers). Customers who do not schedule their transmission rights should not “lose” those rights to EDAM through a mechanism that allows the transmission provider to assign to EDAM the transmission capacity associated with their customers’ transmission rights that were not scheduled in the day ahead market. The proposed transmission offer rules must respect transmission customers’ rights to the transmission capacity they hold under contract that exist until WECC’s scheduling deadline of xx:40; as well as their rights to monetize that capacity. This process must consider what incentive an EDAM BAAs transmission customers have to

offer their transmission to the EDAM. If a customer can't be assured of recovering the costs of the transmission rights, why would they offer their transmission rights to the market? In that case, they may decide they are better off reserving their rights for potential opportunities in the bilateral real-time market. NIPPC is also concerned with Bucket 3 and the proposal to utilize "previously unsold" transmission. Several questions must be answered before NIPPC members can determine their support or opposition. For example, it is unclear when "previously unsold" capacity would be identified, how it would be identified, and when capacity unused by EDAM would be released back to the Transmission Provider. These aspects are material because in many areas of the Pacific Northwest's transmission system, there is already a shortage of firm ATC for the physical movement of power in real-time.

2. Please share your perspective on whether Bucket 2 transmission should, aside from the voluntary nature of it, include use of unscheduled point-to-point transmission to maximize transmission available to EDAM for optimization of transfers.
- Generally support
 - Neutral
 - Generally oppose

Comments:

NIPPC supports the voluntary nature of transmission as part of bucket 2; but customers who do not wish to offer their transmission to the EDAM should not lose their transmission rights. NIPPC does not support use of unscheduled point-to-point transmission to maximize EDAM transfers. Transmission rights holders might be reserving their transmission for use in real time and should not be forced to "use or lose" their transmission rights if they have not scheduled them prior to the close of the EDAM scheduling window. Having a time constraint of this kind could lead to sub-optimal contracting of capacity in the run up to closure of the scheduling window and could be detrimental to price discovery. Many transmission providers, including BPA, allow customers to schedule their long-term firm point to point service after the close of pre-schedule. EDAM and its transmission offer requirements, should not disrupt this important element of the existing bilateral market.

3. Please share your perspective on the concept of the CAISO providing hurdle free transmission in the export direction reciprocal to the amount of hurdle free transmission provided by the adjoining EDAM BAA across the interface to support EDAM transfers and derive mutual benefit.
- Generally support
 - Neutral

Generally oppose

Comments: NIPPC needs more information about how this reciprocity concept would work. Preliminarily, NIPPC is neutral because we understand that this provision would apply to all transmission donated by any transmission customer in an adjoining EDAM BAA (as noted earlier, NIPPC recommends omitting the concept of donation, for purpose of this topic it would be more accurate to say “offered to the EDAM at a hurdle rate of \$0.00”). NIPPC would not support limiting this reciprocity to transmission offered to the EDAM at a hurdle rate of \$0.00 only by the EDAM BAA. One of NIPPC’s major concerns with this process has been that the discussion and many of the examples refer to EDAM BAAs. But EDAM BAAs are not market participants, the generators and loads within those BAAs will be participating in the market and should retain the benefits of non-discriminatory open access to the transmission system even when the host BA participates in EDAM.

4. Please share your perspective on the overall transmission compensation framework under the transmission buckets and the associated transfer revenue and congestion rent allocation method discussed:

A. Congestion rents is associated with internal transmission within the EDAM Entity that is a component of the Locational Marginal Price. Transfer revenue, includes the congestion rent, and is the LMP difference between the import and export transfer. Transfer revenue may also include the hurdle rate depending upon the product.

- Generally support
x Neutral
 Generally oppose

Comments: CAISO’s EDAM market design should explicitly identify how market participants will be compensated by their host BAA. CAISO’s proposal seems to limit the CAISO’s obligation and delegate responsibility for allocation of compensation to the host BAAs. Unfortunately, this will likely trigger a follow on stakeholder process in each of the host BAAs to develop a mechanism to allocate compensation. NIPPC suggests that the inconsistency – and lack of trust that their host BAAs will allocate compensation fairly – among BAAs will unnecessarily delay development of EDAM, limit offers of transmission, and reduce the benefits of EDAM. Specifically, the market operator should pay the hurdle rate directly to the market participants that offer transmission rights to the market.

B. Transfer revenue associated with EDAM transfers between EDAM BAAs are generally divided 50/50 between these BAAs.

- Generally support
x Neutral

Generally oppose

Comments: Hurdle rates should not be divided 50/50. Transmission rights holders who offer their transmission to EDAM should receive the full benefit of the hurdle rate they indicate for their transmission to be used. CAISO's straw proposal should also contain a recommendation for comment on how EDAM BAAs should allocate transfer revenues above the hurdle rate.

C. Transfer revenue associated with EDAM Transfers across an Intertie Constraint (ITC) at the boundary with the CAISO are allocated 100% to the CAISO or adjoining EDAM BAA depending upon the location of the congestion (if on the CAISO side or the adjoining EDAM BAA side).

Generally support

Neutral

Generally oppose

Comments: As noted above, CAISO's EDAM market design should extend to identifying how CAISO will allocate transfer revenues to customers within a BAA. This important question should not be left up to further refinement by the individual BAAs.

5. Please share your perspective on intertie bidding:

A. Self-schedules should continue to be permitted at the interfaces with the EDAM footprint

Generally support

Neutral

Generally oppose

Comments: NIPPC fully supports allowing self-schedules at the interfaces of the EDAM footprint.

B. Economic bidding is not permitted at interties on the boundary of the EDAM footprint, except at CAISO interties with non-EDAM BAAs.

Generally support

- Neutral
 Generally oppose

Comments: NIPPC supports allowing economic bidding at the boundaries of the EDAM footprint. This functionality was available as an option in the original EIM filing but has never been implemented by an EIM BAA. If CAISO wants to maximize participation in EDAM (especially from generation only BAs) it should allow economic bidding at the boundary of the EDAM footprint. At the very least, the CAISO proposal should include a timeline for future implementation of economic bidding at the interties for the EDAM and EIM.