

Notice

To: Ashutosh Bhagwat, Chair, Board of Governors
Anita J. Decker, Chair, EIM Governing Body

From: Roger Collanton, Vice President, General Counsel and Corporate Secretary

Date: January 11, 2022

Re: Notice of Planned Decisional Classification for “Transmission Service and Market Scheduling Priorities – Phase 1”

Any objection by the Chairs to this decisional classification is due by January 14, 2022.

This memorandum serves as notice of ISO Management’s decisional classification for the initiative “Transmission Service and Market Scheduling Priorities – Phase 1,” which previously had been named “External Load Forward Scheduling Rights Process” and follows up on the “Export, Load and Wheeling Priorities” issue in summer 2021 readiness. Any objection by the Chairs to this proposed decisional classification is due by close of business January 14, 2022. Otherwise, this initiative will be presented for decision consistent with the classification described below.¹

This initiative falls within the EIM Governing Body’s advisory role. It proposes to adjust the tariff rules that govern whether and to what extent schedules to wheel through or export from the CAISO balancing authority area would receive priority.

The initiative falls outside the scope of joint authority because none of the proposed changes to the tariff would be applicable to EIM Entity balancing authority areas, EIM Entities, or other market participants within EIM Entity balancing authority areas, in their capacity as participants in EIM. The proposed tariff rules will be applicable only to the CAISO balancing authority area or the CAISO-controlled grid.

The EIM Governing Body has an advisory role with respect to any proposal to change rules of the real-time market that fall outside the scope of joint authority. Because this initiative proposes to change rules of the real-time market, the EIM Governing Body has an advisory role with respect to the proposal.

¹ The process is described in the document: [Guidance for Handling Policy Initiatives that may Come Before the EIM Governing Body](#).

This proposed classification is consistent with the classification presented on the EIM Governing Body Policy Calendar for the December 15, 2021 meeting of the EIM Governing Body meeting.

The draft final proposal for the full initiative is located [here](#). Additional relevant papers for the entire initiative are located [here](#).

Stakeholder comments on the draft final proposal were due Friday, January 7, 2022. Seven stakeholders submitted written comments, three of which request or refer to a possible change to the classification. The other four comments did not address the proposed classification. The comments of NVE, available [here](#), include the following:

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 comments of the Salt River Project, available [here](#), include the following:

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 comments of Shell Energy, available [here](#), include the following:

6. Shared Governance.

Shell Energy agrees this topic warrants approval before both the CAISO Board as well as the EIM Board of Governors.

Regarding these comments, Management observes that its proposed decisional classification is based on the new rules that the Board and the EIM Governing Body adopted jointly in 2021, including rules about the scope of joint authority, and that NVE and the Salt River Project both appear to agree that these rules are being applied correctly here. Moreover, when the EIM Governance Review Committee (GRC) proposed these rules, they specifically addressed the classification of the initial phase of this initiative. The GRC wrote in its Draft Final Proposal:

With respect to the requested clarification, the GRC can confirm that the joint authority definition, as set forth above, would not include the transmission priority issues addressed in the CAISO's recent Load, Exports and Wheeling Priorities policy initiative. Although that proceeding addressed scheduling priorities for imports, wheels, and exports in the CAISO's day ahead and real-time markets, the tariff rules established in that proceeding do not apply to EIM transactions, but rather apply only to transactions that are scheduled on the CAISO-controlled grid in the CAISO's traditional real-time market. While these new rules may apply to utilities who engage in such transactions and who happen also to be EIM Entities or EIM market participants, the proposal would not be subject to joint authority because these new rules do not apply to those entities in their capacity as participants in EIM. The GRC included this quoted language in its proposed rule in part to distinguish between tariff rules that apply to EIM transactions and those that apply to traditional imports, exports and wheels that take place outside of EIM.

See Governance Review Committee Draft Final Proposal (July 19, 2021), page 11, available [here](#).

Finally, Management also observes with respect to the Salt River Project's reference to the initiative for Day Ahead Market Enhancements, that initiative is, like this one, proposed as an advisory classification. See [this memorandum](#) about decisional classifications for pending initiatives under the new rules.