

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.

PPC appreciates the opportunity to submit initial comments on the EDAM WG 2: Transmission Commitment and Congestion Revenue Rents working group. We are appreciative that the CAISO has heard and responded to stakeholder requests for the opportunity to submit written comments. The one week turn around for these comments, along with the pace of the ongoing discussions among the workgroups creates a challenge for PPC to fully vet and explore the questions below with our membership. We offer this caveat as context for these initial comments and look forward to the opportunity to more fully consider these questions as part of CAISO’s straw proposal for EDAM. Additional time, as well as the ability to further assess these proposals as part of a package will be important for additional vetting of these issues.

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

Comments:

PPC is generally supportive of the transmission “buckets” framework to support EDAM transfers. PPC is very supportive of a bucketed approach to transmission that maximizes the availability of high-quality transmission in the market and minimizes potential transmission cost shifts between EDAM entities.

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

PPC believes additional discussion is needed on allowing the use of unscheduled bucket 2 transmission. As raised in the working group meetings, this topic may be better addressed after EDAM has been implemented and transmission providers have more time to understand the potential implications. If unused bucket 2 is optimized within the market and transmission rights holder retain the right to schedule those rights through the operating day, this transmission is non-firm. While potentially increasing the transmission available to the market, awarding day-ahead transfers on non-firm transmission may not align with the market participants’ desire for day-ahead awards to be highly reliable. In the case that unused bucket 2 is used in EDAM, additional discussion on appropriate compensation and allocation of uplift costs needs further discussion.

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:

PPC does not have feedback on this issue at this time.

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
 - Neutral
 - Generally oppose

Comments:

PPC understands for internal transmission to be held harmless, they need to register the transmission contract with CAISO. PPC would like to emphasize the importance of having a system that facilitates the dynamic nature of OATT reservations, which may make it challenging to adopt an approach using CAISO's existing processes. Under the OATT, firm reservations are made both for long-term durations and short-term durations as little as a day. Beyond the ability to reserve firm transmission daily, entities with long-term contracts have the ability to redirect the transmission path of that contract on a short-term firm basis. Accurate and timely communication of this information to the market is very important in holding OATT rights' holders harmless. Beyond financial impacts, holding transmission customers harmless requires ensuring transmission priority is respected. CAISO should discuss how OATT priority is enforced when there is a need to curtail self-schedules comprised of different OATT priorities or award self-schedules across a constrained transmission path. This is particularly important in the case that the market optimization allows non-firm transmission.

- B. Transfer revenue associated with EDAM transfers between EDAM BAAs are generally divided 50/50 between these BAAs.
- Generally support
 - Neutral
 - Generally oppose

Comments:

PPC generally supports this concept. The expected volume of transfers in EDAM are expected to be significantly greater than those in the EIM. In this context, fairly calculating and allocating the value of inter-BAA and inter-regional trade is essential. While supportive of this concept generally, PPC believes that EDAM entities that make bucket 3 transmission with a hurdle rate available need to be fully compensated for 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:

PPC does not support the proposal to allocate 100% of Intertie Constraint congestion to the CAISO BAA and EDAM transfer congestion based on the location of the congestion. PPC has significant concerns about the potential impacts of this proposal and believes CAISO has not laid out a sufficient rationale for why this is appropriate and why the CAISO is treated differently than other EDAM entities. Both California and the Pacific Northwest derive significant benefits from regional transfers between the two regions and any future market design needs to ensure these benefits are maintained and are fairly distributed between the two regions. This proposal in conjunction with several other EDAM design elements raise concerns to PPC that the proposed allocation of transfer revenue will not be equitable or durable.

During working group meetings, CAISO staff has justified this proposal by stating it aligns with the “Principles and Concepts” document which outlined the proposal and stated the intention of minimizing changes to CAISO congestion revenue rights rules. PPC understands this design is important to several members of the small group that developed that concept paper, but we are concerned that this proposal would violate the overarching objectives identified of 1) allocating congestion rent “in an equitable and implementable manner” and 2) “hold transmission customers harmless.”

It is unclear to PPC why a potentially inequitable design should be adopted. PPC believes a higher-level discussion on the principles and general outcomes of congestion rent allocation is still needed. The “Principles and Concepts” document does not address the purpose of this concept or why it is best from a market design standpoint. We would like to further analyze the impacts of adopting a 50/50 split which would be more equitable and more consistent with the congestion rent policies adopted for other BAAs in the market. It would also be helpful to understand why congestion revenue rights rules should or could not be changed. EDAM may require changes to many aspects of CAISO’s market elements, and it is not clear why changes that impact congestion revenue rules could not be altered as well.

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:

PPC generally supports the ability to self-schedule at the interfaces with 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:

PPC generally opposes the removal of economic bidding at interties of the EDAM footprint, except at CAISO interties with non-EDAM BAAs. PPC understands this concept produces potential challenges, however more discussion may be needed to determine the potential costs outweigh the overall benefits.