

External Load Forward Scheduling Rights Process

A Joint Presentation by:

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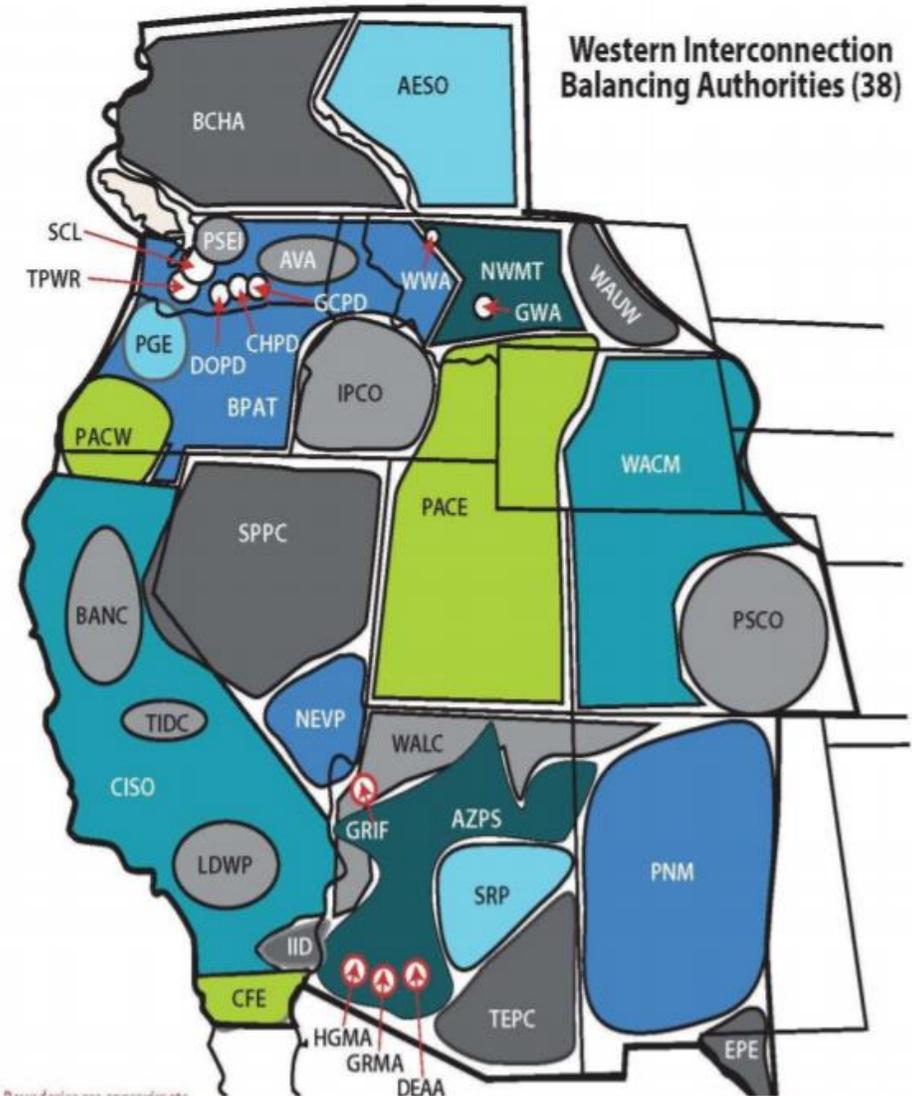
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CAISO workshop on *External Load Forward Scheduling Rights Process*



Wheel-Throughs in the West are Necessary

2020 WECC Resource Adequacy Report found that California, Desert Southwest and other areas of the west are expected to be net importers in the future.



Forward Transactions

- Resource Adequacy (RA) programs vary from state to state and utility to utility
 - CPUC and CAISO have a rigid RA program year round
 - Other states instead require seasonal RA demonstrations
 - Arizona includes Summer / Winter Preparedness, with a focus on demonstrating ability to meet forecast peak summer needs taking into account generation, transmission and distribution maintenance, wildfire resilience programs, and fuel adequacy
 - All RA programs have the same goal: secure and ensure reliable capacity and/or energy for our customers
- Forward transactions for external load should have the ability to carry at least load-equivalent priority
 - Not opposed to separate forward scheduling transmission access charge, but such charges should also include higher priority service

Forward Transactions (Cont'd)

- Firm transmission is not an equitable “proxy” for forward transactions as RA
 - Forward transactions should have alternate representations to firm transmission external to CAISO border.
- Qualifying contracts for external RA requirements should have substitute rights consistent with internal Load Serving Entities
 - The same events and risks to current CPUC / CAISO RA contracts apply to contracts secured by external load serving entities for their RA.

Day Ahead Transactions

- Day Ahead transactions, both bilateral and through an Integrated Forward Market, have the same purpose for internal and external loads
 - Low loads and temperatures offer opportunities to reduce and minimize costs
 - High loads and temperatures require markets to help mitigate unit (RA) losses, unforeseen system events (wildfire, etc.), and planning forecast error to maintain reliable plans and load service
 - Day ahead transactions should carry similar priority for internal and external loads given similar purpose and needs
- CAISO activity on and around day ahead for exports (and now wheel-through) has profound and direct consequences on bilateral markets
 - Any limitations or adjustments that may occur between forecasts for the Integrated Forward Market (IFM) and Residual Unit Commitment (RUC) need to be transparent and public prior to the run of IFM

Real-Time (Day Of) Transactions

- Real-Time transactions, both bilateral and through IFM, largely serve the same purpose for both internal and external loads
 - Real-time transactions on high load days are primarily driven by the need to support loss of generation, system events, or changes in forecasted load
 - Other times, real-time transactions are driven by significantly increased concerns for reliability than other transaction timelines
- CAISO has already profoundly impacted bilateral Real-Time Markets through EIM
 - EIM has had a profound effect on bilateral liquidity in the real-time market due to the Resource Sufficiency Evaluation test timing
 - Such timing is even inconsistent with CAISO HASP for all external load
 - EIM Load Serving Entities transacting in Real-Time are doing so at significant cost to support reliability, which substantially benefits the EIM footprint – including CAISO – as a whole

Wheel Throughs In the West:

- Wheel-through energy is common and necessary across the West, especially for net import regions, including California and the Desert Southwest
- Transmission priorities should be consistent with timing and purpose of transaction for internal and external load
- All LSEs, internal and external to CAISO, should have the right to substitute energy and capacity for forward contracts
- CAISO should establish consistent requirements for internal and external load to establish forward priorities
- CAISO should provide full transparency on any load forecast differences between IFM and RUC prior to IFM run
- External load serving entities do not seek superior scheduling rights but do seek equitable rights based on open access principles

thank you!