

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 15th, 2022.

Question:

For each question please provide your perspectives on the concepts based on the information discussed in the working groups to date, recognizing that additional detail will be provided through the straw proposal 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 organizations perspective on the need for, and value of, a month ahead (45-day) advisory submission of a general resource plan by the EDAM Entity to provide some level of confidence in meeting day-ahead resource sufficiency throughout the month. (discussed 1.5 & 1.10)

SRP understands the value of a forward-looking plan to ensure resource sufficiency for day-ahead and utilizes internal models that project capacity or reliability deficiencies. These models inform long term trading and outage decisions to mitigate potential issues. SRP believes it is the responsibility of the BAA, and not the market, to ensure reliability needs are met. SRP understands that there would be no actions taken by the market operator with respect to this plan and questions the value of submitting additional information. However, SRP is willing to submit a simplified advisory plan if necessary, as this plan is already part of SRP's operating practices. This simplified advisory plan should include the peak hour from the 45 days with units available to support the requirements for that hour.

2. Please share your organizations perspective on the nature of the consequences for failing to pass the Day Ahead resource sufficiency evaluation. Should the consequence be physical freezing of transfers, or a form of financial consequence? (discussed 2.23)

SRP is open to continued discussion on the nature of consequences for failing to pass the Day Ahead Resource Sufficiency Evaluation (RSE). SRP's main concerns with respect to either option are that the failure mechanism:

1. **Should not incentivize entities to stop participating if the failure consequence is too large, for example in the case of a high hurdle rate or financial penalty. EDAM is a voluntary market.**
 2. **Should have a cost that is high enough to disincentivize participants from using EDAM to meet resource sufficiency or reliability obligations that should have been met prior to the RSE curing process. The penalty price should be sufficiently higher than the bilateral market price, for example, and may result in the need for a dynamic penalty price.**
 3. **Should consider that a penalty price is not sufficient if the entire footprint is short. Financial penalties assume that there are sufficient resources across the participants to deploy but will not address or mitigate a shortage among the footprint.**
 4. **Should not grant firm transfers to entities who fail the RSE. Penalties may not be enough to ensure that investment is made in capacity required to achieve reliability, and locking or reducing transfers may be required. To the extent that transfers are allowed, these transfers should not be firm in real time as they are for entities who pass RSE.**
3. Please share your organizations perspective on whether there is merit to creating platform to facilitate intra-day, before the day-ahead market is run, trading of bid range and imbalance reserve capacity with between EDAM BAAs. (discussed 2.23)

SRP would support investigation of a third-party or CAISO-hosted platform for trading bid range and imbalance reserve capacity. This platform should allow participants to “cure” potential RSE insufficiencies before the final RSE test, and a platform hosted by CAISO may provide more insight into the curing process. SRP is also open to this platform being available to any registered Scheduling Coordinator (SC) with physical supply, not just those participating in EDAM.

4. Please share your organizations perspective on whether a penalty structure needs to be developed to incent performance of firm energy contracts supporting imports (i.e., WSPP Schedule C arrangements) utilized to demonstrate resource sufficiency and sources from non-EDAM BAAs. (discussed 2.23)

SRP does not see a need to create a penalty structure around firm energy contracts identified as WSPP Schedule C firm arrangements, with an exception for repeated failures to deliver firm energy products.

Non-firm contracts should be required to be self-scheduled such that only the entity at the receiving end of the contract is responsible for the financial or reliability impacts of non-delivery. This is based on the assumption that EDAM transfers are firm in Real Time.

Additionally, unit contingent contracts should only include a penalty structure in the event that all other resources are held to the same standard. SRP would be open to discussing assurances around unit reliability in the DAM which would tie into unit contingent contracts.

These reliability aspects would most likely be built into the uncertainty component of the RSE, rather than into a separate penalty structure.

5. Please share your organizations perspective on the Residual Unit Commitment (RUC) as an integral component of the EDAM framework based on the working group discussions to date. Should RUC be part of the EDAM? (discussed 2.25, 2.28)

SRP concurs that RUC is an important aspect of the market as it procures physical resources to meet the demand forecast. SRP acknowledges that RUC can resolve differences in load forecasts used by the BAA and CAISO, and having RUC would allow different forecasts to be used in RSE and IFM while still maintaining reliability.

6. Please share your organizations perspectives on convergence bidding (virtual bidding) as a feature of the EDAM based on the working group discussions to date. Should convergence bidding be a feature of the market, Day 1, at the start of EDAM? (discussed 2.25, 2.28)

SRP has some concerns with convergence bidding being enabled on Day 1, though the liquidity, risk hedging, and convergence pricing benefits are acknowledged. SRP is concerned that an increase in virtual bids will create additional discrepancies between the IFM and RUC solutions such that the IFM solution is not meaningful and leads to significant cuts of lower priority schedules in RUC. Additionally, SRP is concerned with allowing any entity to participate in virtual bidding, regardless of owning physical assets or not. To the extent that virtual bidding is allowed, however, SRP would support extending the ability to submit virtual bids to all EDAM entities that meet minimum criteria to ensure they are treated equitably. Additionally, RUC is necessary if convergence bidding is allowed.

7. Please share your organizations perspective on the topic of dependability of EDAM transfers. What is the level of confidence and/or priority that should be afforded to EDAM transfers relative to other transactions? (discussed in upcoming 3.9 meeting)

SRP strongly supports a high priority to be afforded to EDAM transfers relative to transactions made in the RTM and EIM. SRP's examples in the 3/9 meeting demonstrate that securing EDAM transfers in RT is fundamental to ensuring that reliability issues such as loss of generation are not cascaded to other BAAs. To ensure reliability in real time, if a BAA fails EDAM RSE, SRP strongly recommends the transfer is awarded with non-firm priority or that the transfers are frozen. For all BAAs who pass RSE, SRP supports EDAM transfers being equivalent to high priority (PT) exports, high priority wheels, and load.

SRP supports all BAA loads holding equal priority in EDAM.