



Stakeholder Comments Template

Extended Day-Ahead Market Issue Paper

This template has been created for submission of stakeholder comments on the **Extended Day-Ahead Market (EDAM) issue paper** that was posted on October 10, 2019. Information related to this initiative may be found on the initiative webpage at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/ExtendedDay-AheadMarket.aspx>.

Upon completion of this template, please submit it to initiativecomments@caiso.com by close of business on November 22, 2019.

Submitted by	Organization	Date Submitted
<i>Bonnie Blair 202-585-6905 Meg McNaul 202-585-6940</i>	<i>Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California ("Six Cities")</i>	<i>November 22, 2019</i>

For the topics below described in the issue paper, please provide your organization’s comments on whether the item is within the scope of this initiative. If so, suggestions for how to address the the issue. Also, include suggestions for additional topics to be added to the scope of this initiative. Include detailed examples to support your organization’s comments.

Please note, the EIM Governing Body and the ISO Board of Governors have jointly established an EIM Governance Review Committee (GRC) that is charged with leading a public process, separate from this initiative, to develop proposed refinements to the current EIM governance. The GRC’s role includes considering and developing any proposed changes to EIM governance that may be necessary for EDAM. Comments related to the governance topic should be provided in that process and not in the EDAM initiative.

Six Cities’ Preliminary Comments and Process Recommendations:

The Six Cities support further consideration of expanding the CAISO’s Day-Ahead Market to enable participation by Energy Imbalance Market (“EIM”) Entities. However, in light of the relatively modest incremental benefits estimated for the EDAM, the Cities are concerned about the potential for wasteful expenditure of resources in pursuing solutions to market design challenges that turn out to be insurmountable. The Six Cities, therefore, recommend and request that the CAISO, as the first step of this initiative, identify the core

market design features that must be developed and related challenges that must be resolved before implementation of the EDAM can go forward. As a second step, the CAISO should prioritize resolution of those issues that are potential show-stoppers. As an example, it makes no sense to spend time and resources reviewing and revising Day-Ahead Charge Codes or developing rules for the participation of non-EDAM imports and exports if inability to reach consensus with respect to terms for transmission service or rules for evaluation and demonstration of resource sufficiency effectively precludes implementation of the EDAM altogether. In their comments below, the Six Cities attempt to identify those issues that appear to be central, and therefore should be prioritized for early consideration and resolution, versus issues that appear to be secondary or tertiary, and therefore should be addressed in later stages of the initiative and only if it appears that resolutions of the core issues acceptable to a critical mass of potential EDAM participants is likely to be achievable.

The modest estimates for incremental benefits from the EDAM also provide a basis for adopting a schedule for this initiative that facilitates careful and thorough analysis of the core issues as opposed to a rushed effort to meet an unrealistic implementation target. It seems much more important to get the EDAM right than to get it fast.

The Six Cities also believe that the CAISO's costs for the EDAM initiative should be shared by all EIM Entities and the CAISO. For the same reasons that both the CAISO Board of Governors and the EIM Governing Body should have authority to approve an EDAM proposal, there should be a mechanism by which all EIM Entities share the CAISO's costs of conducting the EDAM initiative.

1. Transmission Provision

Six Cities' Response: The Six Cities agree that the terms for transmission of power supplied through the EDAM should be considered within the scope of this initiative. The Cities consider this a core issue that should be addressed on a priority basis. Until a more detailed framework for the market design of the EDAM has been developed, the Cities believe it would be premature to provide substantive comments on how to address the terms for provision and pricing of transmission service for EDAM transactions.

2. Distribution of congestion rents

Six Cities' Response: The Six Cities agree that distribution of congestion rents should be considered within the scope of this initiative. The Cities consider this a core issue that should be addressed on a priority basis. Until a more detailed framework for the market design of the EDAM has been developed, the Cities believe it would be premature to provide substantive comments on how to address the distribution of congestion rents.

3. Resource sufficiency evaluation (including forward planning and procurement; trading imbalance reserves and capacity; EIM resource sufficiency evaluation)

Six Cities' Response: The Six Cities agree that evaluation of resource sufficiency should be considered within the scope of this initiative. The Cities consider this a core issue that should be addressed on a priority basis. Until a more detailed framework for the market design of the EDAM has been developed, the Cities believe it would be premature to provide substantive comments on evaluation of resource sufficiency under the EDAM.

4. Ancillary services

Six Cities' Response: The Six Cities agree that provisions for the procurement of ancillary services should be considered within the scope of this initiative, but the Cities consider this a secondary issue that should be addressed only if, after resolution of the core issues, it appears likely that the EDAM will be implemented. Until a more detailed framework for the market design of the EDAM has been developed, the Cities believe it would be premature to provide substantive comments on procurement of ancillary services under the EDAM.

5. Modeling of non-EDAM imports and exports

Six Cities' Response: The Six Cities agree that modeling non-EDAM imports and exports should be considered within the scope of this initiative, but the Cities consider this a secondary issue that should be addressed only if, after resolution of the core issues, it appears likely that the EDAM will be implemented. Until a more detailed framework for the market design of the EDAM has been developed, the Cities believe it would be premature to provide substantive comments on how to model non-EDAM imports and exports.

6. External participation

Six Cities' Response: The Six Cities agree that terms for external participation in the EDAM should be considered within the scope of this initiative, but the Cities consider this a secondary issue that should be addressed only if, after resolution of the core issues, it appears likely that the EDAM will be implemented. Until a more detailed framework for the market design of the EDAM has been developed, the Cities believe it would be premature to provide substantive comments on terms for external participation in the EDAM.

7. Accounting for greenhouse gas costs

Six Cities' Response: The Six Cities agree that accounting for greenhouse gas costs should be considered within the scope of this initiative. The Cities consider this a core issue that should be addressed on a priority basis. Until a more detailed framework for the market design of the EDAM has been developed, the Cities believe it would be premature to provide substantive comments on accounting for greenhouse gas costs under the EDAM.

8. Convergence bidding

Six Cities' Response: The Six Cities agree that the role of convergence bidding should be considered within the scope of this initiative. The Cities consider this a core issue that should be addressed on a priority basis. Until a more detailed framework for the market design of the EDAM has been developed, the Cities believe it would be premature to provide detailed substantive comments on the role of convergence bidding in the EDAM. However, the Cities would be concerned that any proposal to allow convergence bidding only for some BAAs participating in the EDAM could create opportunities for gaming or manipulation.

9. Price formation

Six Cities' Response: The Six Cities agree that price formation provisions should be considered within the scope of this initiative, but the Cities consider this a secondary issue that should be addressed only if, after resolution of the core issues, it appears likely that the EDAM will be implemented. Until a more detailed framework for the market design of the EDAM has been developed, the Cities believe it would be premature to provide substantive comments on price formation in the EDAM.

10. EDAM administrative fee

Six Cities' Response: As set forth in the preliminary comments above, the Six Cities believe that a mechanism for sharing the CAISO's costs for this initiative among all EIM Entities (as well as CAISO load) should be implemented immediately. The structure of the EDAM administrative fee if the EDAM is implemented should be considered within the scope of this initiative, but the Cities consider this a secondary issue that should be addressed only if, after resolution of the core issues, it appears likely that the EDAM will be implemented. Until a more detailed framework for the market design of the EDAM has been developed, the Cities believe it would be premature to provide substantive comments on the structure of the EDAM administrative fee.

11. Review of day-ahead settlement charge codes

Six Cities' Response: A review of Day-Ahead settlement charge codes is a tertiary task that should go forward only if, after resolution of the core issues, it appears likely that the EDAM will be implemented.

12. Miscellaneous (inter SC trades)

Six Cities' Response: Miscellaneous items should be identified and addressed only if, after resolution of the core issues, it appears likely that the EDAM will be implemented.

13. EIM Governing Body classification

Six Cities' Response: In view of the fact that the market design for the EDAM potentially will affect all EIM Entities as well as all customers of the CAISO, the Six Cities believe it would be appropriate to require both the CAISO Board of Governors and the EIM Governing Body to approve the elements of the EDAM market design.

14. Additional items to be added to scope:

Six Cities' Response: See the Cities' preliminary comment above regarding the need to implement a mechanism to recover the CAISO's costs of pursuing this initiative from all EIM Entities as well as CAISO load.