



California ISO

Extended Day Ahead Market  
Working Group 3 Weekly Report

Week 7 Report  
2/14/22 – 2/18/22

## Progress Tracker

Topic	Schedule
<b>General Accounting: GHG Compliance Area(s)</b>	
Boundaries (State, GHG Compliance Areas, BAA, LSE, International?)	<i>In progress – 1/18/2022</i>
Implications for BAA spanning multiple states	<i>In progress – 1/18/2022</i>
Impacts to EIM	
Rules that need to be established for renewable resource dispatch in/out of a GHG zone	<i>In progress – 1/18/2022</i>
<b>General Accounting: Availability</b>	
Rules for availability to serve load in GHG compliance area	<b>Completed - 1/13/2022</b>
<b>General Accounting: Costs being optimized</b>	
Are we optimizing Carbon prices? RPS/CES?	<b>Completed - 1/11/2022</b>
Types of pricing: carbon pricing, clean energy/renewable	<b>Completed - 1/11/2022</b>
Transactions: GHG zone (Gen in GHG zone, Imports into GHG zone) vs Non-GHG zone (Gen in non-GHG zone, Exports into GHG zone)	
<b>General Accounting: Emissions attribution</b>	
Resource specific, Unspecified	<i>In Progress 1/18/2022; 1/20/2022</i>
Determining emissions rate attribution with different participation options	<i>In Progress 1/13/2022</i>
<b>General Accounting: Participation options</b>	
Determining emissions attribution with different participation options:	<i>In Progress 1/18/2022; 1/20/2022</i>
<b>General Accounting: Multiple GHG Zones</b>	
Can the model accommodate multiple GHG zones? If so, how?	
<b>Approach-specific Issues: Baseline for evaluation of attribution</b>	
(Resource-specific approach only) What should the baseline for evaluating GHG attribution?	<i>In Progress 1/18/2022</i>
<b>Approach-specific Issues: Hurdle rate calculation</b>	
(Unspecified/zonal approach only) How would the hurdle rate calculation work?	<i>In Progress 1/20/2022</i>
<b>Approach-specific Issues: Alternate pathways to serve GHG zones</b>	
(Unspecified/zonal approach only) What alternative pathways would exist for a resource in a non-GHG zone to serve a GHG zone?	<i>In Progress 1/20/2022</i>
<b>Secondary Dispatch and Other Consequences: Leakage minimization</b>	
What mechanisms exist to limit leakage and secondary dispatch?	

**Secondary Dispatch and Other Consequences: Other consequences of approach**

Are there other unintended consequences of the model and how does the approach deal with these?	
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**Reporting and Settlements: Market Results**

What type of information and at what granularity will GHG information be reported to support state reporting requirements?	
Should we consider policy that is in effect/will be in effect by Jan 2024 or try to accommodate hypothetical reporting systems?	<b>Completed – 2/14/2022</b>
What data needs to be tracked for compliance and harmonization with clean energy policy purposes (including other instruments that attribute generation to load)?	
How would energy be identified/tracked or tagged under a specified approach?	

**Reporting and Settlements: Settlements**

Will entities bearing GHG compliance obligations be made whole for purchasing credits? If so, how?	
In the unspecified approach, how will the hurdle rate revenue be distributed to the suppliers?	

**Miscellaneous: Bidding of GHG costs**

Should GHG costs be reflected in bids? If so, how?	<b><i>In Progress</i></b> <b><i>1/18/2022</i></b>
How do cost reference level (DEBs and proxy costs) reflect GHG costs?	

**Miscellaneous: EIM (roll over to real Time)**

Do we need to make updates to the RTM EIM GHG model to align it with EDAM?	
What are the associated settlement impacts to any variation allowed?	

## Weekly Discussion

February 15

**Scope Items Discussed:** Reporting

**Presenters:** Abajh Singh, California Air Resources Board: [CARB Electricity Sector Greenhouse Gas Accounting](#)

**Scope Items Discussed:** Reporting

**Presenters:** Kevin Head, California ISO: continuation of discussion on January 8 Western Resource Advocates presentation [Greenhouse Gas Accounting in Regional Electricity Markets](#)

Kevin presented a few slides that was intended to summarize the major elements of WRA's expanded WREGIS (or equivalent) "all generation" reporting and tracking system as they relate to the EDAM WG 3 objectives. He presented a summary matrix of 4 options:

1. EDAM GHG market design is fully integrated with a GHG reporting system
2. EDAM GHG market design is independent from but is constrained by the design of GHG reporting system
3. EDAM GHG market design is independent from but might not allow for GHG reporting system
4. Status quo - No WG policy development

### Discussion:

The first comment offered was that option 2 appears to be the base-line; that a minimum objective (for EDAM) should be that it would produce the data that is needed for participants to comply with GHG reporting obligations. Discussion included that some coordination with the real time market/dispatch is another essential component for meeting GHG obligations.

Another participant in support of the previous comment regarding option as minimum, but suggested a "stepping stone" approach that would establish this objective in the EDAM, but not necessarily as an initial delivery. More generally, offering caution that finding a consensus and durable solution to the reporting requirements may be constraining progress towards an EDAM market design. There were multiple participants that echoed this concern.

The working group agreed that it should design its solution to be responsive to the policy and regulations that will be in effect in January 2024 while also being flexible and durable enough to adapt to future policy and regulatory changes.

### Conclusion:

While the discussion on the 4 options, particularly options 1 and 2, included highlighting some of the core challenges of a comprehensive all-generation tracking system with alignment to the EDAM design, there was an approximately equal amount of discussion on the value and viability to establish an expectation that the EDAM design should necessarily deliver this solution, and particularly in its initial delivery.

February 17

**Scope Items Discussed:** All – WG Schedule

**Presenters:** Kevin Head, California ISO

**Discussion:**

Kevin presented an updated WG3 session schedule sessions and topics to be covered, with an objective to recalibrate our agenda going forward and focus on remaining key outstanding design elements. The basic strategy of this revised schedule is to conduct a second round of deep-dive discussion on each of the two fundamental constructs; Resource Specific versus Unspecified Resource market design, with the key outstanding design questions (submitted from WG3 participants from the homework assignment) integrated into the discussion.

**Conclusion:**

The recalibrated schedule was accepted by the group.

**Scope Items Discussed:** All

**Presenters:** Kevin Head, California ISO

Kevin presented his summary collection of WG3 participant responses to the “homework” assignment, which was to collect key outstanding GHG design elements not yet addressed or resolved in our working sessions to date. Kevin described his organization structure of the response collection, categorized first by relevance to the Resource Specific versus Unspecified design buckets, and then by scope domain.

Kevin walked through all participant responses with the objective to allow submitters to confirm each have been accounted for and placed in the appropriate discussion category (for the upcoming “version 2.0” deep dive market design discussions).

Following this HW assignment response review, Kevin presented an updated WG 3 Scope Document, red-lined to account for subject matter discussions in these working group sessions to date, and also with the participant HW responses referenced for each relevant scope item.

**Discussion:**

The stated intent of this review was not to delve into the questions and design topics substantively, but rather to confirm that each have been captured correctly and placed in the correct discussion topic.

Through the review of the HW response summary and the revised Scope Document, multiple participants made minor clarifications to the responses and position in the upcoming version 2.0 deep dive sessions.

One substantive topic was discussed relating to the optionality for a load serving entity to have capability to manage or control the level of emitting resources that serve its load in the market design. The question was raised in the context to add it to the Scope Document. For now, it was not added.

**Conclusion:**

The homework responses and the redlined revised Scope Document was fully reviewed and will be posted on the WG3 website.