



California ISO

Extended Day Ahead Market
Working Group 3 Weekly Report

Week 5 Report
1/31/22 – 2/4/22

Progress Tracker

Topic	Schedule
Accounting: GHG Compliance Area(s)	
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>
Accounting: Availability	
Rules for availability to serve load in GHG compliance area	Completed - 1/13/2022
Resource schedules that could inform capacity available to support transfers with a GHG compliance area	
Market Optimization	
Are we optimizing Carbon prices? RPS/CES?	Completed - 1/11/2022
Types of pricing: carbon pricing, clean energy/renewable	Completed - 1/11/2022
Transactions; Generator emissions covered, Delivered emissions covered	
Accounting: Emissions rate attribution	
Resource specific, Unspecified	<i>In Progress 1/18/2022; 1/20/2022</i>
Transactions/jurisdictions; Generator emissions covered, Delivered emissions covered	
Determining emissions rate attribution with different participation options	<i>In Progress 1/13/2022</i>
Costs: Compliance	
How should GHG costs be calculated?	
How should GHG costs be reflected?	
How should GHG costs be reflected across GHG compliance areas?	<i>1/18/2022</i>
How are reference level (DEBs and proxy costs) calculated? And how are they used in market power mitigation?	
Costs: Settlements	
What implications of GHG settlement must be incorporated into EDAM design?	
Costs: Compliance	
Should GHG compliance costs be recovered by a Scheduling Coordinator at a resource specific or marginal resource specific level?	
Market Efficiency: EIM (roll over to real Time)	
What allowable changes to either GHG quantity or bid price between DA and RT should be allowed?	

What are the associated settlement impacts to any variation allowed?	
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Accounting: Market Results

What type of information and at what granularity: Settlements	
What type of information and at what granularity: State reporting	

Renewable Energy Certificates (RECs)

How can EDAM design best interact with current Renewable Portfolio Standards (RPS) and RECs accounting practices?	In progress - 1/13/2022
What is the interplay of e-Tags used to track RECs vs. the role of e-Tags in EDAM and what is an appropriate interplay?	
What REC impacts may there be when it comes to EDAM intertie bidding and scheduling points?	

Costs: Bidding to serve demand in the GHG compliance are

How should RPS costs be calculated?	Completed - 1/11/2022
How should RPS costs be reflected?	Completed - 1/11/2022
How should RPS costs be reflected across compliance areas?	Completed - 1/11/2022
How are reference level (DEBs and proxy costs) calculated? And how are they used in market power mitigation?	Completed - 1/11/2022

Weekly Discussion

February 2

Scope Items Discussed: Working group house-keeping

Presenters: Kevin Head, Milos Bosanac

Discussion:

A revised WG3 schedule was discussed last week and finalized; the new schedule is posted on the EDAM initiative website.

Additionally, beginning in mid-February, monthly cross-working group debrief meetings will be held to discuss overall progress in the working groups and to address scope items that cross over between the groups. A market notice has been issued for these meetings.

Scope Items Discussed: Reporting

Presenters: Kathy Taylor, WA Department of Ecology: [Climate Commitment Act Cap-and-Invest Rulemaking Overview](#)

Discussion: Kathy Taylor presented on the scope and status of the ongoing rulemaking process for Washington State Department of Ecology GHG Reporting Updating (WAC 173-441), CCA Cap & Invest New Chapter (WAC 173-446), and EITEs New Chapter (WAC 173-446a). She concluded her presentation noting that these rulemakings are currently open for comment, and referred interested parties to the link to access more information by signing up for email alerts (link provided in her presentation)

Discussion topics included:

- Whether the Washington cap-and-invest policy will be linked with California's cap-and-trade policy. At the onset of WA cap-and-invest in Jan 2023, the two policies will not be linked. It is likely that, by the time CAISO's EDAM is expected to be in place (Jan 2024), the two programs will remain unlinked. This has two important implications for the EDAM GHG working group that will need to be considered in the design of the market optimization:
 - Allowances used for compliance in one program cannot be used for compliance with the other as long as the programs remain unlinked
 - GHG allowance prices for WA and CA will be different as long as the programs remain unlinked
- The methodology for addressing imported electricity associated with a centralized electricity market (e.g. the EDAM) will be adopted by Oct 1, 2026. This means that the precise methodology for how electricity imported through the EIM/EDAM will be calculated and create a compliance obligation has yet to be adopted by Washington.
- Kathy Taylor was asked: what are the most important topics to be discussed in these EDAM working groups related to WA's rulemaking policies? Kathy asked for this question to be formally offered to their stakeholder process.

Conclusion:

Kathy's high level overview of the ongoing rulemaking processes was informative and established several constraints for the EDAM GHG market design. She also provided references and links for interested parties to get involved and find more information which have been posted on the WG3 website.

Scope Items Discussed: Reporting

Presenters: Ann Rendahl Commissioner, Utilities and Transportation Commission; [Washington State Clean Energy Transformation Act](#)

Discussion:

Commissioner Rendahl presented on the status and elements of the Washington Utilities and Transportation Commission's Clean Energy Transformation Act (CETA) (2019 E2SSB 5116; RCW 19.405). CETA goals are to transition to 100% clean electricity in 3 stages; (1) eliminate coal from retail portfolios by 2025, (2) greenhouse gas neutral standard by 2030, and (3) 100 percent renewable or non-emitting retail electricity supply by 2045.

Discussion topics included:

- The term "unbundled" REC was used; clarification of its meaning was discussed. Bundled REC refers to a REC that has a specific resource associated with it. Unbundled REC may be sold without being tied to a specific energy transaction.
- There was a discussion on the difference between Cap and Trade versus Cap and Invest concepts. A concern was raised regarding potential differences between California's Cap and Trade and CETA. Commissioner Rendahl asked that this concern be raised in their stakeholder forum for consideration.
- Commissioner Rendahl was asked what are the most important topics to be discussed in these EDAM working groups related to CETA? One topic discussed was the importance to align emissions based vs REC based programs.

Conclusion:

Commissioner Rendahl's presentation was helpful to further the discussions in the EDAM working groups as we get deeper into the design discussions, particularly dealing with how the EDAM market constructs will align with the CETA, and GHG/REC policies around the west in general. Links and references are included in her presentation, posted on the EDAM initiative WG3 website.