

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 14, 2022.

Question:

For each question please identify whether you “generally support”, are “neutral” or “generally oppose” the concepts based on the information discussed in the working groups to date, recognizing that additional detail will be provided through the straw 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.

WPTF appreciates the opportunity to respond to the questions posed via EDAM Working Group 2 through these informal comments. As these are informal comments, WPTF reserves the right to update or modify positions going forward as more information comes to light and additional details are provided. These informal comments pose a number of questions and areas for additional stakeholder discussion and consideration. We look forward to continuing to work with CAISO on the development of an efficient and equitable EDAM design.

1. Please share your perspective on the transmission “buckets” framework for supporting EDAM transfers.

- Generally support
- Neutral
- Generally oppose

- Comments:

In order to help WPTF and other stakeholders come to a position on the transmission bucket framework, it would be extremely helpful to map how/what actions result in transmission showing up in each bucket by whom. These examples should delineate the differences between outcomes when transmission is provided by a Transmission Provider, EDAM BAA, or Transmission Customer. In particular, understanding the current proposal

for treatment of transmission that is not used by a transmission customer ahead of the EDAM run would be instructive. Does that transmission get turned over to the transmission provider to be used in Bucket 3? And if so, wouldn't it be more equitable for the Transmission Customer to have the option to put their rights into EDAM, in exchange for payment of a hurdle rate, in the same way the Transmission Provider would? WPTF suggests treatment along these lines in response to the next question.

2. Please share your perspective on whether Bucket 2 transmission should, aside from the voluntary nature of it, include use of unscheduled point-to-point transmission to maximize transmission available to EDAM for optimization of transfers.
- Generally support
 - Neutral
 - Generally oppose

Comments

The concept of turning over unscheduled point-to-point transmission rights to EDAM, raises a number of concerns. It appears at odds with the voluntary nature of EDAM and with the goal of retaining the OATT framework. It is particularly problematic if any unused point-to-point rights are put into Bucket 2 and do not include payment of any sort of hurdle rate to the Transmission Customer. While it is true that unscheduled point-to-point rights have been paid for, they have been paid for by a Transmission Customer. CAISO should consider a framework under which Transmission Customers could provide unscheduled point-to-point transmission rights to EDAM in exchange for compensation of the hurdle rate (and transfer revenues). To be clear, WPTF is not suggesting that **all** Bucket 2 transmission should have a hurdle rate attached to their use. But rather, that the Transmission Customer that provides transmission to the market should be able to determine whether or not it requires payment of a hurdle rate to turn its transmission rights over to EDAM.

WPTF also asks for additional discussion and examples around "edge cases." We would like to further explore what would happen when transmission rights are unscheduled in the day-ahead timeframe, but are then exercised in real-time via a self-schedule when the market conditions are such that the self-schedules are cut. It would be helpful to review the priority of self-schedules of this nature (not exercised in day-ahead but utilized in real-time) relative to other self-schedules.

Finally, we ask the CAISO to consider the following questions; how would CAISO determine how much capacity it can provide as reciprocal under stress conditions when it might not be feasible to provide equal amounts to all the EDAM BAAs with transfer transmission between their and CAISO BAAs, and what would happen if there wasn't enough transmission capacity available in DA to provide as reciprocal?

3. Please share your perspective on the concept of the CAISO providing hurdle free transmission in the export direction reciprocal to the amount of hurdle free transmission provided by the adjoining EDAM BAA across the interface to support EDAM transfers and derive mutual benefit.
- Generally support
 - Neutral
 - Generally oppose

Comments:

WPTF is still considering and evaluating the potential impacts of this proposal. The current proposal appears to provide reasonable reciprocity for CAISO to adjoining EDAM BAAs, but may also have implications for CAISO TAC rates. We'd also like to further discuss the potential implications for intertie capacity, in the case that CAISO retains interties for resources to import that are not sourced from within EDAM BAAs. We would like to better understand if and how the CAISO providing hurdle free transmission would potentially decrease intertie capacity available for exports/imports, and subsequently the implications that may have on Congestion Revenue Rights (CRRs).

Please share your perspective on the overall transmission compensation framework under the transmission buckets and the associated transfer revenue and congestion rent allocation method discussed:

Overall, the discussion on transmission compensation, transfer revenue and congestion rent allocation has primarily focused on the impacts and allocations to EDAM BAAs. However, it is impossible to understand if these treatments are equitable and appropriate without understanding how customers *within* the EDAM BAAs will be treated and what allocation they might expect. We request additional discussion on allocation and treatment of transmission customers, third-party loads, and third-party generators within and between EDAM BAAs in order to better understand the proposal that currently exists.

- A. Congestion rents is associated with internal transmission within the EDAM Entity that is a component of the Locational Marginal Price. Transfer revenue, includes the congestion rent, and is the LMP difference between the import and export transfer. Transfer revenue may also include the hurdle rate depending upon the product.
- Generally support
 - Neutral
 - Generally oppose

Comments:

- B. Transfer revenue associated with EDAM transfers between EDAM BAAs are generally divided 50/50 between these BAAs.
- Generally support
 - Neutral
 - Generally oppose

Comments:

- C. Transfer revenue associated with EDAM Transfers across an Intertie Constraint (ITC) at the boundary with the CAISO are allocated 100% to the CAISO or adjoining EDAM BAA depending upon the location of the congestion (if on the CAISO side or the adjoining EDAM BAA side).
- Generally support
 - Neutral
 - Generally oppose

Comments:

4. Please share your perspective on intertie bidding:

- A. Self-schedules should continue to be permitted at the interfaces with the EDAM footprint

- Generally support
- Neutral
- Generally oppose

Comments:

Self-Schedules should be permitted at the interfaces with the EDAM footprint and within the EDAM footprint (as these are especially important to deliver to CAISO). Although it has not been made sufficiently clear during the working group meetings, it is WPTF's current understanding that the framework that is being contemplated with EDAM would result in elimination of intertie bidding *at the interfaces of CAISO and EDAM BAAs*. WPTF seeks clarification and additional discussion on this point, as discussed more below. However, assuming

this understanding is accurate, then we assume that under EDAM the only mechanism that would exist (absent changes to current rules and regulations) for out-of-state resources located within (or flowing through) an EDAM to demonstrate delivery to California (to comply with RPS requirements) would be through self-scheduling to and/or through EDAM BAAs to CAISO. It is therefore imperative that self-scheduling be made available to and through EDAM BAAs to demonstrate delivery to CAISO.

- B. Economic bidding is not permitted at interties on the boundary of the EDAM footprint, except at CAISO interties with non-EDAM BAAs.
- Generally support
 - Neutral
 - Generally oppose

Comments:

WPTF appreciates the complexities and concerns around implementation of intertie bidding at the boundaries of EDAM. WPTF has long supported intertie bidding at the market boundaries, including during the EIM implementation process. Intertie bidding at the EDAM boundaries would provide additional market liquidity and benefits and should be explored in more detail. While WPTF supports intertie bidding, we recognize it is not something EIM Entities are interested in implementing at the start of EDAM due to concerns around transmission “free-rider” (and associated cost allocation) and reliability/certainty of intertie supply. This is an area that WPTF feels warrants further discussion and consideration of a design that could allow for economic participation at the interties, even if not implemented day one, rather than just deferring that discussion at this point, especially given that this will significantly impact the ability for external resources to participate in the EDAM market on an economic basis.

We have additional questions around intertie bidding between CAISO and EDAM BAAs, and whether any form of intertie bidding would continue to exist between these entities, as well as whether there would be any changes to intertie bidding between CAISO and non-EDAM BAAs. While we understand that the current framework proposed for EDAM would appear to eliminate intertie bidding between CAISO and EDAM BAAs (which would be replaced by EDAM Transfers between these entities), there are implications that require additional stakeholder discussion. For instance, WPTF seeks to understand how resources located within (or wheeling through) an EDAM BAA would be able to demonstrate their delivery to a California BAA to meet requirements of the California RPS, etc. It would also be helpful to understand the implications for RA import resources (though we understand this topic falls more squarely in Working Group #1’s scope).