

Comments on External Load Forward Scheduling Rights Process Stakeholder Workshop

Department of Market Monitoring

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Summary

DMM appreciates the opportunity to comment on the ISO's *External load forward scheduling rights process – stakeholder workshop*.¹

Changing conditions across the west have recently highlighted the need to revise CAISO transmission access rules to better align with the practices of other BAAs and ISO/RTO markets. Market design changes implemented in summer 2021 create interim improvements to allocate limited CAISO transmission among different users in constrained conditions. However, the need remains for a long-term solution that ensures consistent access to high priority transmission on the CAISO grid to meet the needs of CAISO native load, as well as the needs of non-CAISO load serving entities who may depend on CAISO transmission. Such a solution should be consistent with open access principles and would align with the practices of other BAAs and ISO/RTO markets.

We offer additional detail and discussion in the comments below.

I. The need to align CAISO transmission access rules with those of other BAAs and ISO/RTO markets

DMM supports an approach to CAISO transmission access that ensures consistent access to high priority transmission on the CAISO grid to meet the needs of CAISO native load, as well as the needs of non-CAISO load serving entities who may depend on CAISO transmission. Such an approach would be consistent with open access principles, and aligned with the Federal Energy Regulatory Commission (FERC) approved practices of other BAAs and ISO/RTO markets.

While FERC has found current CAISO tariff provisions for transmission access to be just and reasonable, CAISO transmission access rules differ in significant ways from the FERC approved rules of many other BAAs and ISO/RTO markets.

CAISO does not have the categories of *firm* or *non-firm* transmission service as defined by other BAAs. Resources serving CAISO native load compete with all other users of the CAISO grid on a daily basis through market bids for CAISO's only category of transmission service: *new firm use*.

¹ *External Load Forward Scheduling Rights Process Workshop*, California ISO, July 13, 2021.
<http://www.caiso.com/InitiativeDocuments/ISOPresentation-ExternalLoadForwardSchedulingRightsProcessWorkshop-Jul13-2021.pdf>

Additionally, CAISO does not reserve transmission for the needs of native load before making transmission available to other commercial activity. CAISO does not have a study process to determine the short-term or long-term availability of remaining transmission capacity after accounting for the needs of CAISO native load. Further, while the CAISO tariff defines a Capacity Benefit Margin (CBM) for the reliability of native load as an established transmission use, this value is currently set to zero in the tariff.²

Finally, CAISO does not have a process for entities desiring high priority transmission service on the CAISO grid to compensate CAISO transmission owners for such service, or associated upgrades if needed.

Changing conditions across the west have recently highlighted the need to revise these rules to better align with the practices of other BAAs and ISO/RTO markets. Current rules create uncertainty for entities both within and outside of the CAISO BAA. Revisions are needed to ensure consistent access to firm quality transmission in CAISO for CAISO native load, as well as for other entities across the west that may rely on CAISO's transmission system.

Recent market design changes implemented in summer 2021 create incremental improvements to allocate limited CAISO transmission among different users in constrained conditions. However, the need remains for a robust long-term solution to establish priority transmission scheduling rights. DMM suggests several market design changes as important elements to include in such a solution:

- **Create a transmission study process that occurs with appropriate frequency to evaluate requests for both short-term and long-term access to high-priority transmission on the CAISO grid.** The process should first consider the needs of CAISO native load, as DMM understands is done in other western BAAs and some ISO/RTO markets.³ The process should then assess whether the transmission remaining after meeting the needs of CAISO native load is sufficient to meet additional requests for high-priority transmission service on the CAISO grid. For long-term requests, if there is not sufficient transmission available to meet the request after meeting the needs of CAISO native load, develop a process for the requesting entities to initiate upgrades needed to meet the request.

² CAISO Tariff, Appendix L, Section L.1.6

³ See references to the tariffs of PJM, SPP, NYISO, and MISO on the issue of holding transmission and CBM for native load in: *California Independent System Operator Corporation Docket No. ER21-1790-000 Tariff Amendment to Implement Market Enhancements for Summer 2021 – Load, Export, and Wheeling Priorities*, Transmittal Letter, April 28, 2021, pg. 54: <http://www.aiso.com/Documents/Apr28-2021-Tariff-Amendment-Load-Exports-and-Wheeling-Tariff-Amendment-ER21-1790.pdf>

- **As a part of accounting for the needs of CAISO native load, revise the CAISO tariff to allow for a CBM greater than zero.** Considering CBM as an existing transmission commitment in the calculation of Available Transfer Capacity (ATC) is consistent with the practice of multiple other ISO/RTO markets, and can help to ensure availability of import transmission to meet the needs of CAISO native load under emergency conditions.⁴
- **Develop a compensation framework for both short-term and long-term high priority transmission service reservations.** For high priority transmission service reservations not requiring system upgrades, consider requiring payment of the wheeling access charge (WAC) for the duration of high-priority service reservation. For long-term requests requiring system upgrades, establish a framework for entities requesting the service and initiating upgrades to fund the cost of upgrades.

Implementation of these enhancements will bring CAISO transmission access rules in alignment with those of other BAAs and ISO/RTO markets, while ensuring open transmission access and continued reliability of the CAISO and broader west.

⁴ Ibid.