



**COMMENTS OF NV ENERGY
2020 FINAL POLICY INITIATIVE CATALOG
DATED SEPTEMBER 5TH, 2019
CAISO STAKEHOLDER PROCESS**

September 19, 2019

NV Energy appreciates the opportunity to comment on the 2020 policy initiative catalog. As discussed below, NV Energy recommends that, given EDAM will need to be a comprehensive proposal, the CAISO consolidate the myriad of EDAM-related initiatives identified in the catalogue. In addition, NV Energy recommend changes to the description of several entries.

I. NV Energy's Position

a. Extended Day-Ahead Market to EIM Entities

CAISO has identified **six** individual initiatives that are needed in relation to extending the Day-Ahead Market (EDAM) to the EIM Entities:

- 5.7 Extend Day-Ahead Market to EIM Entities (D, 2)
- 5.7.2 Day-Ahead Resource Sufficiency Evaluation (D, 2)
- 6.1.45 Extended Pricing Mechanisms (D, 2)
- 5.7.1 Align Transmission Access Charge (TAC) Paradigms (D, 2)
- 5.6 Multi Greenhouse Gas Area (D, 1)

NV Energy understands that there are many topics to discuss in detail throughout the EDAM stakeholder process and that it will be necessary to break-up the issues for detailed discussions in separate papers and meetings. Nevertheless, it will be important for stakeholders to be able to follow all of the EDAM-related proposals in a comprehensive manner. If each subset of EDAM issues has a separate title and a separate stakeholder process, this will pose an undue burden on stakeholders. Accordingly, NV Energy recommends that all of the EDAM related issued be consolidated under a single initiative. There can be working groups and proposals on resource sufficiency, price formation, transmission policy, GHG accounting, and others, but stakeholders would not need to follow multiple separate initiatives.

b. Align Transmission Access Charge (TAC) Paradigms

With respect to the issue of a transmission charge in the EDAM, NV Energy recognizes the critical importance of the issue. In an effort not to prejudge any proposal until the stakeholders have had a chance to express their thoughts, NV Energy suggestions the following simplification to 5.7.1

[5.7.1 Align Transmission Access Charge \(TAC\) Paradigms \(D, 2\)](#)¹

Under an extended day ahead market, the CAISO and stakeholders will need to address the *issue of appropriate*² transmission compensation through transmission access charges *or other means*³. ~~Currently, the Open Access Transmission Tariff framework provides different scheduling priorities over different time periods for both load and generation to secure transmission. Under the CAISO approach,~~



~~transmission costs are recovered through MWh based charges to load and exports. However, the CAISO is currently evaluating changes to its transmission billing determinant in the Transmission Access Charge Structure Enhancements (I, C) initiative. Additional market efficiencies may be gained by aligning the billing determinants for transmission cost recovery over the extended day ahead market used by each balancing authority area to recover its costs. For example, there may be a monthly or daily transmission rate that is used to meet load and an hourly transmission rate for imbalance energy and exports from the combined footprint. In addition, the CAISO has rules for supporting existing transmission customers by providing them the perfect hedge which could also be used by EIM entities joining the extended day ahead market.~~

Simply stated, any proposal that fundamental changes in how transmission is reserved and charged under the current Open Access Tariff framework of the EIM Entities or would have one subset of customers serving as a guarantor of others may serve as a barrier to EDAM participation. Transmission access and compensation are critical elements of EDAM. The description just needs to acknowledge the issue and not offer highly controversial suggestions.

c. Third Party Transmission Contribution

NV Energy also recommends correction to the second paragraph of initiative 6.1.37 as follows

[6.1.37 Third Party Transmission Contribution \(D, 1\)](#)¹

The initiative would explore allowing third parties to contribute transmission capacity located between two EIM Balancing Authority Areas for use in the EIM. This would increase energy transfer throughout the EIM area and enable the third party to receive congestion rents. This initiative was originally considered in 2017, but it was determined at that time the implementation costs may outweigh use and benefits. The CAISO agreed to keep this item in the catalog so it can be prioritized at a later date if deemed necessary.

~~The CAISO believes implementation of the third party transmission contribution may address concerns regarding transmission compensation for net wheeling. For example, if an EIM entity releases available transmission capacity to the EIM, this may exceed the EIM transfer in and EIM transfers out of that Balancing Authority Area needed to meet its own imbalance energy needs. The EIM entity may be concerned that other market participants are not submitting hourly base schedules for wheel transactions, but rather waiting for the EIM because the market participant knows there would be unused transmission made available such that the wheel transaction had a very high probability of flowing in the EIM and avoiding the transmission charges. The EIM entity could modify its open access transmission tariff such that only transmission necessary to meet its own imbalance is release to the EIM. This now removes the high level of certainty that the wheel transaction will flow in the EIM. The market participant now has an incentive to procure transmission and if the market participant did not want base schedule the wheel, the market participant could contribute the transmission to the EIM which would enable the wheel to flow if economic in the EIM.~~



The CAISO has recognized that difference between transmission that is voluntarily made available by a merchant or transmission customer as an Interchange Rights Holder and ATC that must be made available by the EIM as a transmission provider. As the CAISO stated in its July 2, 2019, Filing Letter in Docket No. ER19-2347:

The CAISO acknowledges that only some EIM entities can limit the transmission they make available for EIM transfers. Only those EIM entities using transmission made available through interchange rights pursuant to CAISO tariff section 29.17(f)(2) may determine the transmission they make available based on factors other than how much transmission is available through the well documented practice of calculating ATC. *Compare* CAISO tariff section 29.17(f)(2) and 29.17(f)(3) (distinguishing between transmission made available through interchange rights and available transfer capability, while expressly deferring to the EIM entity tariff only for the determination of available transfer capability).

As drafted, the CAISO's proposal suggests that the EIM Entity could withhold ATC for economic reasons. This would run contrary to FERC's open access policies as expressed in Order No. 890. For now, it is only necessary to recognize more broadly that the issue can be explored.

¹ CAISO. September 5, 2019. "<http://www.caiso.com/Documents/2020FinalPolicyInitiativesCatalog.pdf>". Accessed September 13, 2019.