

California ISO 2019 Draft Policy Initiatives Catalog

Comments of Public Interest Organizations: Western Resource Advocates, Western Grid Group, Natural Resources Defense Council, and NW Energy Coalition

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Submitted via email: initiativecomments@caiso.com

Western Resource Advocates, Western Grid Group, Natural Resources Defense Council, and NW Energy Coalition (collectively, Public Interest Organizations or “PIOs”) submit the following comments on CAISO’s [2019 Draft Policy Initiatives Catalog](#). These comments are narrowly tailored to actions needed to extend enhanced day-ahead market services to Western EIM entities (commonly referred to as the EIM + Day-Ahead Market Offering, or “EDAM”). EDAM aims to increase the efficiency of CAISO’s existing day-ahead market by more accurately accounting for fluctuations in variable energy resources and making these day-ahead market enhancements available to the Western EIM participating entities. EDAM will provide EIM entities the opportunity to explore expansion into the day-ahead time frame, thereby increasing their coordination and cost savings significantly, while still maintaining control of their respective transmission systems.

EDAM participation is expected to enhance the possibility of cost-effective de-carbonization of the electric power system in California and throughout the Western Interconnection – de-carbonization *in addition to* that already being realized by the EIM. Due to anticipated efficiency gains and carbon benefits, PIOs recommend that CAISO’s EDAM stakeholder process proceed as expeditiously as possible. Further, PIOs believe that the EDAM stakeholder process can and should continue independent of ongoing efforts to regionalize the

CAISO (i.e., to extend CAISO's day-ahead market and balancing authority area to entities throughout the U.S. portion of the Western Interconnection).

PIOs therefore offer the following recommendations on CAISO's 2019 Draft Policy Initiatives Catalog, specifically related to EDAM:

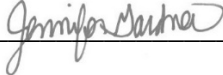
- Either in Section 6.1, Section 6.1.19, or both, explain the schedule and interactions between the EDAM initiative and CAISO's other proposed 2019 initiatives. For example, please clarify whether extending the enhanced day-ahead market to EIM entities is contingent on the resolution of any other EIM-related proposed 2019 initiatives, such as:
 - 5.8 EIM Identified Market Power Mitigation Enhancements
 - 5.11 Congestion Revenue Rights Auction Efficiency Track 2
 - 6.1.6 EIM Base Schedule Submission Deadline
 - 6.1.8 EIM Contingency Price Corrections
 - 6.1.9 Multi Greenhouse Gas Area
 - 6.1.11 Settlement of Non-Conforming Loads in EIM Balancing Areas
 - 6.1.14 Limiting EIM Energy Transfer System Resource Transfers
 - 6.1.17 Full Network Model Expansion – Phase 2
 - 6.1.33 Enhancing Participation of External Resources
 - 6.1.34 Potential EIM-wide Transmission Rate
 - 6.1.35 Flow Entitlements for Base/Day-ahead Schedules
 - 6.1.36 Equitable Sharing of Wheeling Benefits
 - 6.1.37 Third Party Transmission Contribution
 - 6.1.38 Bidding Rules on External EIM Interties

- Either in Section 6.1, Section 6.1.19, or both, provide a timeline showing the EDAM schedule and the schedules of all closely-related initiatives, including the Day-Ahead Market (“DAM”) enhancements and Transmission Access Charge (“TAC”) billing determinants. PIOs additionally request clarification from CAISO regarding which initiatives must be completed ahead of the EDAM initiatives identified in section 6.1.19. For example:
 - Will implementation of EDAM first require resolution of DAM improvements related to a day-ahead flexible ramping product?
 - Is the development of EDAM contingent on completion of CAISO’s initiative related to TAC billing determinants?
 - Please explain any other necessary sequencing.
- PIOs request a new initiative under Section 6.1.19 to identify the value that can be derived from EDAM. This initiative would include:
 - The development of benefit/cost studies;
 - The process for developing inputs for these studies;
 - How assumptions about loads and resources for EIM Entities will be developed;
 - The methodology used to estimate EDAM benefits;
 - The methodology to ensure the study process is transparent in the same manner as the previously completed SB 350 study work; and
 - The timeline for completing benefit/costs studies.

PIOs believe that EDAM is an important market offering that will enable parties within California and throughout the West to better understand and gain experience with the increased efficiencies that can be achieved through regional markets. EDAM can also provide a platform for enhanced market participation in the future, as experience with other regional markets shows

that as participants become more comfortable with market operations, they seek even further efficient improvements. PIOs appreciate the opportunity to provide these comments and look forward to actively participating in the accelerated development of EDAM.

Respectfully submitted,



Jennifer Gardner, Senior Staff Attorney
Western Resource Advocates
jennifer.gardner@westernresources.org

Nancy Kelly, Senior Policy Advisor
Western Resource Advocates
nancy.kelly@westernresources.org

Amanda Ormond, Managing Director
Western Grid Group
asormond@msn.com

Julia Prochnik, Director of Western Renewable Grid Planning
Natural Resources Defense Council
jprochnik@nrdc.org

Fred Heutte, Senior Policy Associate
NW Energy Coalition
fred@nwenergy.org