

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 15th, 2022.

Question:

For each question please provide your perspectives on the concepts based on the information discussed in the working groups to date, recognizing that additional detail will be provided through the straw proposal 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.

1. Please share your organizations perspective on the need for, and value of, a month ahead (45-day) advisory submission of a general resource plan by the EDAM Entity to provide some level of confidence in meeting day-ahead resource sufficiency throughout the month. (discussed 1.5 & 1.10)

APS is not necessarily opposed to this concept, but thinks it is not needed. The value the information would provide is minimal and creates an unnecessary administrative burden.

2. Please share your organizations perspective on the nature of the consequences for failing to pass the Day Ahead resource sufficiency evaluation. Should the consequence be physical freezing of transfers, or a form of financial consequence? (discussed 2.23)

Freezing of transfers impacts entities beyond the one failing the test. It hinders the efficiency of the market and could cause reliability problems. The market design should avoid freezing transfers as much as practicable if the entire footprint can cover the shortfall. If the footprint is deficient, then the entity or entities that failed should incur the consequences resulting from the insufficiency directly and it shall not be socialized or absorbed by other EDAM participants. APS is also concerned about false failures and the impact that would result. After initial implementation, there should be a planned review of the success of the RSE to make sure it is working as intended.

Financial penalties that are substantial should provide an incentive to come to the market fully supplied. There should be some after-the-fact independent review of what happened. Continued failures over an extended period should result in escalated consequences.

The discussion on consequences also requires some knowledge of what remaining RSE is done in EIM – a failure of EDAM RSE is not a physical supply shortage at the time of failure and there is time to cure the shortfall and pass a RSE potentially in the EIM. Is there an interplay between the two RSE horizons that can be utilized ahead of the operating hour to determine priority levels of available energy if the footprint is short of resources?

3. Please share your organizations perspective on whether there is merit to creating platform to facilitate intra-day, before the day-ahead market is run, trading of bid range and imbalance reserve capacity with between EDAM BAAs. (discussed 2.23)

APS supports this concept and believes that it may be the most efficient way to cure a shortfall in a timely manner if deemed insufficient in the advisory runs. We also acknowledge that some of the standard products we trade in bilaterally today may not fit well to satisfy the hours in which deficiency occurs since they are typically not traded in hourly increments. This sort of platform could complement the existing bilateral world in that way, or it could be accomplished outside of the CAISO by evolution of those bilateral markets.

4. Please share your organizations perspective on whether a penalty structure needs to be developed to incent performance of firm energy contracts supporting imports (i.e., WSPP Schedule C arrangements) utilized to demonstrate resource sufficiency and sources from non-EDAM BAAs. (discussed 2.23)

APS isn't sure a penalty structure is needed to incent performance, but the performance should be monitored and accounted for if it is shown to unfairly contribute to leaning or is being used inappropriately to pass an EDAM RSE. Typically, these schedules are shown via e-tag in EIM and are transparent, when operating in EDAM the current timing deadline for the e-tag is after the cut-off for the RSE evaluation. So there is no mechanism to transparently pick up these schedules, but they absolutely need to be accounted for in the RSE evaluation as they should represent real physical energy deliveries expected to/from the EDAM area. A re-look at the timelines of when e-tags are required for both CAISO and EDAM entities may be needed to account for these schedules so they are more certain on the tightest supply days.

5. Please share your organizations perspective on the Residual Unit Commitment (RUC) as an integral component of the EDAM framework based on the working group discussions to date. Should RUC be part of the EDAM? (discussed 2.25, 2.28)

Yes. It makes most sense to extend the current market passes of the CAISO day-ahead markets as is, unless there is justification that it doesn't make sense to do so which we do not possess currently for the RUC component.

6. Please share your organizations perspectives on convergence bidding (virtual bidding) as a feature of the EDAM based on the working group discussions to date. Should convergence bidding be a feature of the market, Day 1, at the start of EDAM? (discussed 2.25, 2.28)

Convergence bidding isn't a must have, but we aren't opposed to it being a feature of EDAM on day 1. It should be generally beneficial to EDAM to include convergence bidding and doesn't introduce any identifiable burden to the EDAM entities. In fact it may be more burdensome or inefficient to have CAISO operate under one paradigm and EDAM entities under another in terms of convergence bidding, meaning CAISO continuing to have it while EDAM entities do not.

7. Please share your organizations perspective on the topic of dependability of EDAM transfers. What is the level of confidence and/or priority that should be afforded to EDAM transfers relative to other transactions? (discussed in upcoming 3.9 meeting)

EDAM transfers must be firm. Otherwise the market will not be efficient. Entities would have to hold back capacity to ensure reliability. Multiply the capacity held back by the number of entities and it would result in thousands of MWs being held out of the market. In addition entities would not be able to decommit longer start resources if transfers could not be relied upon.

The EDAM transfers need to commit the sending party to holding to the requirements through the real-time market. This can be done in various ways and needs to account for the obligation and represented through EIM RSE test possibly. The detailed examples should be discussed in the context of EIM RSE failure if it so exists, and power balance constraint relaxation, as any other time re-optimization that results in a solution in the real-time market is not important to the firmness of the initial transfers in EDAM. If the different products of the day-ahead market (IRU/RCU/EN) allow for a reliable solution to be realized in the real-time market then the EDAM results in a level of firmness that is commensurate. When the real-time market can't re-optimize no BA should be prioritized over another in terms of their ability to re-call energy to serve their load, by renegeing on obligations from the EDAM solution. When the real-time market can re-optimize a solution then it is the most efficient solution available at the time considering the changes from the EDAM awards to the real-time horizon.