

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.

American Clean Power – California (ACP-California) appreciates the opportunity to provide informal comments on certain elements of the work that has been undertaken by EDAM’s Working Group 2. ACP-California is hopeful that EDAM, if properly designed and successfully implemented can provide significant benefits to the Western Interconnection including enhanced integration of clean energy resources to support Western state policy goals. However, EDAM will not offer the full suite of benefits of an RTO and the West must use EDAM as an incremental step of progress and not the “end game” for western coordination efforts. Additionally, while significant consensus appears to have been reached on some items in WG2, we remain concerned that issues related to ensuring proper allocation and treatment of customers *within* EDAM BAAs has not been adequately discussed. This will be of critical importance to independent power producers, transmission customers, non-BAA loads, and other entities that are not directly affiliated with the EDAM BAA and is essential to a successful market design effort. The intra-BAA issues should not be ignored in the CAISO’s EDAM design process. Additionally, there remain many questions and unknowns related to EDAM which we hope will be further discussed and reviewed in the Straw Proposal and subsequent stakeholder process for EDAM. We look forward to continuing to work with CAISO on EDAM’s development and design.

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

- Generally support
- Neutral
- Generally oppose

Comments:

ACP-California generally supports the three-bucket approach for EDAM Transfers. However, significant questions remain regarding implementation. As discussed more below, we suggest further consideration of an option for *Transmission Customers* to put Bucket 2 transmission into the market with a hurdle rate attached to it as an essential part of the initial market design to get participants comfortable and provide enhanced protection of OATT rights.

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

ACP-California understands the economic and efficiency arguments for including unscheduled point-to-point (PTP) transmission in Bucket 2 to maximize the availability of transmission for EDAM Transfers. However, providing unscheduled PTP rights to EDAM is highly problematic and will create significant uncertainty regarding appropriate allocation of redispatch costs to Transmission Customers that have purchased those rights. This concept also has a strong potential to undermine one of EDAM’s stated objectives to: *“Maximize the amount of transmission (firm, or otherwise high priority) made available to EDAM, while respecting the existing OATT framework and contractual commitments.”* While many OATTs do have language indicating the schedules submitted after 10am will be accommodated, if practicable, transitioning to a framework where any unscheduled PTP rights are automatically provided to EDAM, is a significant modification of the current structure and could serve to undermine the overall OATT framework that exists today. Providing unscheduled PTP rights to EDAM would force transmission customers to use (schedule) their transmission rights or lose them, without providing them assurances that they would be able to be “made whole” if the rights were to be exercised in real time. Additionally, we urge CASO to be mindful of the market design elements, such as this one, which may reduce the incentives for entities to purchase (and retain) transmission rights in EDAM BAAs, as these market design elements may increase concerns about transmission cost shifts and loss of transmission revenues for providers that

operate within EDAM. ACP-California suggests that the concept of use of unscheduled PTP rights by EDAM be “held” and not implemented at the onset of EDAM, but considered again following actual operational experience with the market.

Additionally, ACP-California supports the concept of creating two different “sub-buckets” of Bucket 2 transmission in EDAM. One sub-bucket would be in line with the Bucket 2 proposal that has been discussed to date and would allow Transmission customers to donate transmission to EDAM in exchange for transfer revenues (we’ll refer to this as “Bucket 2A”).¹ Another sub-bucket would allow Transmission Customers to provide their transmission to EDAM for use, but only in exchange for payment of a hurdle rate (equal to their transmission costs) plus transfer revenues (we’ll refer to this as “Bucket 2B”). This bucket, functionally, would act similarly to Bucket 3, but the hurdle rate would be paid to the “Transmission Customer” that provided the rights (rather than the Transmission Provider). This concept may reduce the overall efficiency of EDAM at the start, but it would also provide a “protection of OATT” rights that we believe would address many concerns that have been expressed today by transmission customers and would provide more comfort with the overall market design protecting current transmission rights. It may also be that market participants would use Bucket 2B initially, but after gaining comfort with EDAM may transition to donating rights through Bucket 2A. We further support this structure as it provides more fair and equitable treatment between Transmission Providers/EDAM BAAs and Transmission Customers (or third parties), something which EDAM’s market design should strive for. It does this by providing a mechanism for Transmission Customers to receive a wheeling rate for use of their unused transmission, in the same way Transmission Providers can receive compensation for a wheeling charge under Bucket 3.

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:

This approach generally appears to be a reasonable approach to ensuring reciprocity. However, additional discussion is needed on the application of this provision to non-CAISO EDAM BAAs and, at a broader level, on treatment of non-BAA (transmission customer) donated transmission. Notably, many of the examples and discussions have focused exclusively on treatment of BAAs, but ACP-California urges CAISO to expand the discussion and examples to help transmission customers and other types of market participants understand how they

¹ This sub-bucket is most likely to be used by Load Serving Entities that own transmission rights across the system of others and would like to increase overall efficiency of EDAM, but do not have significant concerns around recovering the costs of the transmission rights that they have purchased.

would be treated. The focus, to date, has been highly skewed towards treatment of BAAs, but impacts to other market participants are critical to understand as market design moves forward.

4. 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:
- 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:

The EDAM market design cannot only consider allocation of congestion rents to BAAs and must give consideration to how transmission customers, generators and other market participants will be compensated by the BAA. If CAISO market design does not provide consideration for this, it will have to be addressed individually by BAAs, which may vary in their treatment, creating seams in the EDAM footprint. Additionally, from a process perspective, having individual BAAs run their own stakeholder process for this is likely to take additional time in the overall EDAM design and implementation process.

Additional discussion is also necessary on how EDAM will utilize internal transmission rights and how internal congestion will be appropriately allocated to participants within EDAM BAAs.

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

Comments:

Additional consideration is needed for transmission donated by a Transmission Customer. A transmission customer/rights holder who donate transmission to EDAM should receive all of the transfer revenue associated with their provision of rights. It is unclear if they would only receive 50% of the revenue under this proposal.

- 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:

The discussion around transfer revenue allocation should extend beyond BAAs and should include transmission customers, which may be the entities providing the transmission to the market for use, and, therefore, should be the party that receives the transfer revenue. The discussion should also be broadened to include congestion allocation *within* EDAM BAAs.

5. 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:

ACP-California supports the use of self-schedules at the interfaces with the EDAM footprint and within the EDAM footprint, including to deliver to CAISO. The use of self-schedules with transmission contracts appears to be the only mechanism, under EDAM, which will allow resources inside of (or delivering to) an EDAM BAA to continue to demonstrate delivery to a California BAA, which is critical for compliance with the RPS Portfolio Content Category (PCC) #1. While it is not ideal for self-scheduling to be the only mechanism available for these resources (as it would be much more preferable for these resources to continue to be able to bid into the market), it is vital to have an approach that can be used to demonstrate delivery to CAISO, through an EDAM BAA, under the EDAM construct and without relying on modifications to rules that are already in place at other agencies (which may or may not come to fruition). We urge CAISO to include additional discussions around how resources outside of California can continue to demonstrate RPS-PCC #1 compliance under

the proposed EDAM framework. ACP-California (formerly AWEA-California) raised concerns around this in the EDAM discussions and “Bundle 1 Straw Proposal” comments in 2020. These issues continue to be a significant concern and cannot be ignored. Rather than repeat those concerns here, we point to prior comments from 2020 ([here](#)), which remain relevant under the current EDAM market design discussions.

- 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:

Bidding at the boundary of the EDAM footprint, if included, has the potential to greatly increase the efficiency of the market and bring additional resources/offers into the optimization. However, we recognize the significant challenges associated with implementing bidding at the interties, as raised by several EIM Entities during the working group meetings. These issues include significant transmission cost allocation questions and uncertainty around certainty of supply from intertie bids. Recognizing these issues and open questions, we understand that in order to get EDAM up and running as quickly as possible, this is a market design element that it may be best to hold off on implementing. Therefore, ACP-California does not oppose an initial EDAM design that does not explicitly permit bidding at the boundaries of the EDAM footprint. We hope additional discussions will take place on this topic following some operational experience with EDAM.

As discussed above, we urge additional discussion around what appears to be the proposed elimination of intertie bidding at the interface of CAISO and EDAM BAAs. This significant change in market dynamics needs to be considered in the context of how resources outside of CAISO can demonstrate delivery to California and compliance with various rules and requirements, not the least of which is the RPS-PCC #1 requirements.