

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)

Bonneville believes a month ahead advisory submission of a general resource plan by the EDAM Entity is out of scope for EDAM. It is unclear how a month ahead advisory submission will be used by the CAISO as the market operator for EDAM and what the CAISO will measure the submission against to provide some level of confidence in meeting day-ahead resource sufficiency through the month, given that there is not a common Resource Adequacy standard that EDAM Entities and the CAISO must adhere to.

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)

Bonneville's overarching principles for failures consequences are:

- Failure consequences should prevent or at a minimum strongly discourage leaning on the EDAM to meet capacity, and flexibility needs.

- Financial consequences for failing the EDAM RSE should not become an economic alternative to proper forward procurement.

Given those principles, Bonneville supports CAISO's proposal to limit transfers during failed hours to Bucket 1 transmission. We also support a concept in which the transfer limit is relaxed at a hurdle rate. The hurdle rate should ensure that supply within a deficient BAA is utilized first and that it provides an incentive for entities to procure the capacity and flexibility they need prior to EDAM. The hurdle rate could be dynamic and change based on peak versus non-peak hours. We believe this alternative provides the most optionality for a failing BA as the BA can use its own resources, cure through the bilateral market or cure through the EDAM.

If financial consequences are increasing based on the magnitude of the shortfall, the magnitude should be based on a MW quantity, not a percent of the requirement. An entity should not receive a lower penalty price for a higher capacity shortfall just because the total requirement for that BA is high. A 500 MW shortfall in the footprint has the same impact on the EDAM, regardless of which entity has the shortfall.

Test failures and corresponding EDAM transfers should be routinely reported to the EIM/EDAM Governing Body. Repeated failures in which additional transfers above the transfer limit are enabled at a specified hurdle rate could face greater oversight (i.e. description of the RSE failure and actions taken to avoid relying on the EDAM to meet needs).

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)

Bonneville supports the concept of a hosted platform where EDAM BAAs or 3rd party entities could make available surplus supply for purchase by a deficient BAA. Pros and cons on whether or not CAISO should be the host of this platform need to be further discussed.

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)

Bonneville supports further discussion around additional performance incentives of firm energy contracts supporting imports utilized to demonstrate resource sufficiency and sources from non-EDAM BAAs to ensure reliable EDAM transfers. Bonneville also supports penalty structures for resources internal to an EDAM BAA and the CAISO BAA to incent performance.

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)

Bonneville believes the most optimal solution for extending CAISO's day-ahead market to EIM Entities is to integrate IFM and RUC into a single market run. Given that this proposal was abandoned in the DAME initiative, BPA struggles to see how EDAM can be successful with just an extension of CAISO's IFM. IFM is a financial market only and does not commit sufficient physical resources to meet the demand forecast and substitute for net virtual supply that clear in the IFM. While we are working to understand the complexities around RUC being a core element of EDAM, we struggle to see how the shortfall of physical supply committed in the IFM would get resolved without some kind of RUC process. Just extending the IFM does not appear to be a workable solution for EDAM.

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)

Bonneville is not familiar enough with how convergence bidding in an EDAM Entity would work to provide feedback at this time. We would like to better understand the pros and cons of including or not including convergence bidding as part of EDAM, and what the potential seams and unintended consequences might be if only the CAISO BAA having convergence bidding if other EDAM Entities don't have it. Additionally, the introduction of convergence bidding in EDAM increases the importance of some type of RUC process to ensure sufficient physical supply is committed to meet obligations.

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 highly reliable and given a high priority. To the extent EDAM Entities are resource sufficient, they may be de-committing units in their own BAA to rely on EDAM transfers awarded day-ahead.