



Stakeholder Comments Template

Pseudo-Ties of Shared Resources

This template has been created for submission of stakeholder comments on the Issue Paper and Straw Proposal, and the associated July 14 meeting discussion, for the Pseudo-Ties of Shared Resources initiative. The paper, stakeholder meeting presentation, and all information related to this initiative is located on the [initiative webpage](#).

Upon completion of this template, please submit it to initiativecomments@caiso.com. **Submissions are requested by close of business July 31, 2020.**

Submitted by	Organization	Date Submitted
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Please provide your organization's general comments on the following issues and answers to specific requests.

1. Metering and Telemetry Requirements

Please provide your organization's feedback on the metering and telemetry requirements, as described within the draft final proposal. Please explain your rationale and include examples if applicable.

N/A

2. Outage Management and Reporting Requirements

Please provide your organization's feedback on the outage management and reporting requirements, as described within the draft final proposal. Please explain your rationale and include examples if applicable.

N/A

3. Treatment of Minimum Load and Start-Up Costs

Please provide your organization's feedback on the proposed treatment of minimum load and start-up costs, as described within the draft final proposal.

Please explain your rationale and include examples if applicable.

N/A

4. Additional comments

Please offer any other feedback your organization would like to provide on the issue paper and straw proposal.

CAISO states in the Draft Final Proposal that the purpose of this Initiative is “to create an option for real-time economic bidding by removing a current tariff-based limitation to only allow pseudo-ties from resources whose entire output is dedicated to the CAISO BAA and does not serve load in the native BAA”.

LADWP agrees the Draft Final Proposal meets that objective, in part. However, it contains a significant omission. It does not address the reliability and market concerns identified in the proposal related to the dynamic scheduling of shared resources into the CAISO’s markets when the market participant is not operating within the rules of EIM as expressed in the CAISO’s Open Access Transmission Tariff (OATT) and the EIM Entity’s OATT. Specifically, In the proposal, CAISO acknowledges that a dynamically scheduled resource that is bid into the market may:

- “Cause data conflicts affecting market pricing and dispatch when the source is in an EIM Entity BAA;”
- “Cause conflicts with EIM’s real-time operations;”
- “Create “Market inefficiency;”
- “Duplication of dynamic schedules affect real-time interchange accounting;”
- “Result in inconsistency between prices and dispatches, which adversely impact market integrity;” and
- Critically, create EIM reliability issues as the “EIM Entity may need to do manual interventions to adjust its ETSR transfers to match CAISO’s dispatch and keep its NSI in balance.”

These reliability concerns, in LADWP’s view, make dynamic scheduling from an EIM Entity’s BAA to the CAISO of shared resources that are bid into the market by a market participant completely untenable. CAISO recognizes this when it “recommends pseudo-ties rather than dynamic schedules between EIM Entity BAAs of resources with economic bids”. Yet, CAISO fails to address the practice.

To be clear, LADWP supports the dynamic scheduling of shared resources being bid into the market, but not until the reliability concerns CAISO outlines in the proposal and that are restated above are fully addressed.

LADWP recognizes the narrow scope of the pseudo-tie shared proposal contained within the draft proposal. However, the reliability concerns require resolution. In

LADWP's view, the reliability concerns can be addressed either as part of the draft proposal or by broadening the Comprehensive Modeling Solution initiative to address these reliability concerns. If it is the latter, LADWP recommends that CAISO place limitations on dynamically scheduled resources being bid into the market until the market and reliability concerns are properly addressed.

Additionally, the following remains unclear to LADWP: the purpose of allowing dynamic schedules from a shared resource being bid into the market where all the parties to shared resource are not part of the CAISO real time market beyond facilitating intra-interval regulation from external resources. If a portion of a shared resource is dynamically scheduled and bid into the CAISO's markets there remains a need for a Base Schedule at T-57 for the Intertie Resource which will not be provided by EIM Entity BAA to which the resource is located, and to the extent any dynamic deviation of the schedule occurs there remains a need to settle the imbalance in the Market. However, a contractual mechanism to settle with the market participant does not exist because the market participant is operating outside the EIM.

There seem to be a lot of hurdles to clear to essentially net out the tie Gen and Intertie resource export under this arrangement, which hurdles seem unnecessary and risky to both the Participating Resource Scheduling Coordinator and the EIM Entity. Base Scheduling the expected bilateral use through a static schedule and offering the resource into the market seem like a more appropriate construct when both parties are in the market footprint.

Generation Shares

- a. Each owner should be required to separately register their dynamically scheduled share of the generation resource if the share is expected to be bid into the market.
- b. Based on the description in the Draft Final Proposal, it appears that the importing Scheduling Coordinator would be registering the same capacity in the market twice. Once as a Tie Gen System Resource within CISO and then as a Generation Resource within the EIM Entity. This can drive additional operational risk. The transfer at the EIM boundary presumably will net the Tie Gen out, but this adds to EIM Entities' management responsibilities. LADWP asks that CAISO clarifies and expands on this part of the proposal.

Intertie Resources

- c. **Registered tie** – if Dynamic schedules continue, LADWP believes there should be some sort of dedicated Registered Export Tie that can be dynamic to CAISO from the EIM Entity side. Although we are aware of similar concepts in EIM, thus far we have not seen an Intertie Resource to the CISO BA that allows CAISO to utilize the Telemetry and match the output of the Generator to the export of the Intertie Resource. This is an automatic impact to the Area Control Error of the EIM Entity as a change in

Generation dispatch is not matched to the Intertie Resource. There needs to be a registered tie for each share of the generation resource that is not included in the normal CAISO Mirror Intertie Resource at that location.

- d. **ETSR Adjustments** – The Current Proposal suggests a manual ETSR adjustment, which is untenable, particularly given the complexity around a shared resource such as IPP, the impact on Intertie Constraints, as well as the impact on ETSRs on the IPP DC Line, and LADWP’s approach to maintain minimum operating limits on the IPP DC line. LADWP does not understand the purpose of all output dispatched in the Market on a Participating Resource being scheduled to the specific load of the Participating entity. However, if this must occur, we believe the creation of a mechanism such as the registered Tie described above is a more palatable option.

Transmission Service Issues

- e. In the case of IPP at least, participant contracts include both generation and transmission provisions for the joint owners. The transmission utilized for the Dynamic Schedules is not under the LADWP OATT. The Intertie Resources are registered to the EIM Entity Scheduling Coordinator. If the service utilized for the export is not under the OATT, there is no mechanism to pass through Imbalance Settlement charges for inherent imbalance created from a Dynamic schedule.
- f. LADWP believes a dynamic schedule should be prohibited between two EIM Entity Areas if the service is not under EIM or agreements are not in place for the EIM Entity to pass through these charges to the Transmission Owner/Customer. This issue would be mitigated with the implementation of TSP modeling.
- g. This approach seems to continue the specific usage of the transmission service acquired to deliver the resource specifically to the load rather than the Market. As such LADWP believes if the transmission utilized is curtailed, the Generation Resource should also be curtailed. This seems inefficient for the Market as a whole and negatively impacts the Scheduling Coordinator of the share.

Dispatches

- h. As dispatch of tie adjusts, output from generation resource adjusts accordingly. This would only be possible if the Intertie Resource is connected directly with the Generation Resource.

Settlement

- i. Settlement of generation **and** any non-OATT transmission needs to be addressed by owners in the Shared Protocol Agreement before a Dynamic Schedule approach can be utilized.
- j. The proposal cannot have a scenario where Generation share owners are potentially not kept “whole” financially. If the Transmission is curtailed and

registered to the EIM Entity with no mechanism to pass through imbalance settlement charges, the EIM Entity would be credited for the curtailment of the Export and the Scheduling Coordinator would be assessed imbalance for both the Tie Gen and the Resource Registered within the EIM Entity Area. As such, the EIM Entity would get a credit and the Participating Resource Scheduling Coordinator would seemingly be charged twice.

- k. SP-tie pricing could impact the normal net effect of the settlement of the Tie Gen and the Export Intertie Resource. If the EIM Area or CISO has a Power Balance constraint, these prices will separate. Again, we believe the Participating Resource Scheduling Coordinator should be responsible for the Generation Resource, Export Intertie Resource and the Tie Gen under this construct to eliminate exposure to the EIM Entity. Pseudo-tying would eliminate this issue.

Final comments

- i. Ultimately, LADWP is very supportive and appreciative of CAISO's recognition of various challenges faced by LADWP and other utilities in effectively and efficiently participating in the EIM. CAISO's initiative on Pseudo-Ties of Shared Resources is a significant step in the right direction in continuing to improve the mechanics of EIM participation.