

## 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](mailto:ISOStakeholderAffairs@caiso.com) by end of day March 15<sup>th</sup>, 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)

NCPA believes that a month ahead advisory submission should consist of actual resources or specified system or pool of resources in order to ensure more dependability. Robust RSEs will be required for maintaining the integrity of EIM and EDAM core principle of prevention of leaning. While there should be some level of commonality to avoid unnecessary leaning, there also needs to be consideration of different operating needs, conditions, and requirements of systems which allows for some degree of flexibility.

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)

NCPA believes the consequence of failing the RSE can only result in physical freezing of transfers. The core principle of EDAM should continue to be “no leaning”. EIM and EDAM are economic programs and not intended to be reliability programs. Allowing participants to use financial consequences as a sort of costless option will undermine the integrity of the program.

NCPA understands that the bilateral market is losing liquidity as a result of increased participation in the EIM and will further evaporate with EDAM. NCPA supports solving this problem in the long run but further analysis is needed. Financial penalties are not the only and best solution. NCPA is open to other options and looks forward to discussing and studying them in Phase 2 of the Resource Sufficiency Evaluation Enhancement initiative.

NCPA also understands that that an EIM entity may be fully resourced coming into the day ahead market and then through no fault of its own, as a result of a force majeure event or otherwise, become deficient. Such an unexpected event would likely result in emergency conditions throughout the EDAM footprint and not just one LSE. CAISO should not attempt to account for such emergency events in its market models. There is too much uncertainty to model these correctly. Such events should be handled by out of market operations with deliberate cognizant action by BAA operators rather than processed by a machine that may unknowingly result excessive transfers that could harm other BAAs.

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)

No comment at this time.

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)

NCPA does not support penalties at this time for two reasons. First, the effectiveness of penalties is questionable. NCPA understands that CAISO’s Resource Adequacy Availability Incentive Mechanism has not met CAISO’s expectations to encourage resource showing above the 15% planning margin and has engaged with stakeholders to discuss discontinuing the program in favor of a UCAP paradigm in which forced

RA outages would erode the resources' marketable capacity. Also, penalties create an incentive to price the penalty into its optimization. Second, penalties could have unexpected consequences to LMPs.

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)

No comment at this time.

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)

NCPA does not support incorporating convergence (i.e., virtual) bidding into the EDAM at this time. It is an extremely complex component of the CAISO Day Ahead Market and has not resulted in price convergence among Day Ahead Market Real Time Market processes as hoped and at times has resulted in significant market issues.

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)

No comment at this time