



**COMMENTS OF NV ENERGY ON
EXTENDING THE DAY-AHEAD MARKET TO EIM ENTITIES
ISSUE PAPER**

November 22, 2019

On October 10, 2019, the CAISO posted an Issue Paper on Extending the Day-Ahead-Market to EIM Entities. NV Energy participated in the joint comments being submitted by the EIM Entities.¹ NV Energy writes separately to emphasize several issues.

(1) *While in a Separate Process, Timely Reform of Governance Is a Necessity.*

Governance reform is being considered in a separate stakeholder process. NV Energy encourages the Governance Review Committee to maximize the authority of the EIM Governing Body over both the day-ahead and real-time markets within the boundaries of existing California law.

(2) *Transmission Compensation Will Be a Critical Issue in the EDAM Stakeholder Process and Should Include Consideration of Wheeling Compensation in the EIM.* The EDAM Feasibility Assessment provided a directional indicator of possible aggregate benefits. It does not inform whether there is a positive business case for each individual EIM Entity to participate in EDAM. For NV Energy, its customers, and Nevada state authorities, a critical component of assessing potential participation in EDAM will be reasonable compensation for the Available Transfer Capability (ATC) that NV Energy could contribute to the market. On Page 9 of the Issue Paper, the CAISO notes that “[a]s the footprint of the Western EIM grows and continues to change, wheel-through transfers may become more common” and recognizes the CAISO’s commitment to monitor EIM wheel-through volumes to assess whether, after the addition of new EIM entities, there is a potential future need to pursue a market solution to address the equitable sharing of wheeling benefits.” The evaluation of compensation for ATC in EDAM will require consideration of compensation for ATC in the EIM to prevent the potential transmission recovery seam if the two markets have different approaches.

(3) *The CAISO Must Ensure Its Design Elements Can Work With the EIM Entities’ OATTs.* Participation in the EDAM will require changes to the EIM Entities’ OATTs. Revisions will be required to provide a period for ATC to be communicated to CAISO and for consideration of ATC in the day-ahead market run. OATT customers will be required to submit financially binding schedules on a day-ahead basis and contribute their share of flexible ramp requirements. The

¹ As noted in the EIM Entity comments, those comments represent consensus viewpoints of the group as a whole, they may not necessarily represent any individual EIM Entity on a specific issue. Moreover, the EIM Entities are hopeful that collaborative dialogue in the stakeholder process will help shape and refine positions.

EDAM resource sufficiency test must be consistent with the OATT requirements for designated network resources. The compatibility of the CAISO's EDAM design with the OATT should be an integral part of the CAISO's stakeholder process and not left for parties to consider or implement on an after-the-fact basis.

(4) *The EDAM Stakeholder Schedule Should Be Expanded.* On page 19 of the Issue Paper, the CAISO presents a proposed schedule with activities running throughout 2020. The proposed schedule is too short. The scope of issues that need to be addressed and the number of participants engaged in the consideration of those issues is likely to be larger than either the Market Redesign and Technology Upgrade or the EIM stakeholder processes. The EDAM stakeholder process requires sufficient time for discussion and interaction amongst the parties. NV Energy looks forward to the opportunity to collaborate with the CAISO Staff, the EIM Entities, other stakeholders, the Western state regulators, and transmission customers in the development of the EDAM. Sufficient time should be allotted for this interaction in the hope of reaching consensus on many issues, encouraging broad participation, and avoiding protracted litigation.