

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)

A 45-day advisory submission of a resource plan is outside the scope of the Extended Day Ahead Market (EDAM). Resource planning remains a state-by-state function. By contrast to longer-term resource planning, CAISO EDAM should provide shorter-term resource optimization.

Longer-term resource planning could ultimately become a function of a full regional transmission operator (RTO). However, EDAM is not a full RTO; it is an incremental step towards an organized regional market.

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)

To the extent that the Day Ahead resource sufficiency evaluation can allow EDAM Entities to fill resource shortages in the market, the RSE failure consequences should allow Entities to do so. For example, failure consequences applicable to the Day Ahead Market should not freeze imports to BAAs who fail the RSE if resources are still available in the market.

NVE recently presented to a CAISO EIM working group a mechanism to ensure transfers can be made when resources are available:

NV Energy's primary goal for this stakeholder initiative is to develop a simple EIM Energy Assistance Program preferably prior to this Summer. We would like to put forth the following high level principles and proposal for future stakeholder discussion.

- 1. An EIM Energy Assistance Program should be optional and the EIM should operate as it does today for any EIM Entity that does not elect to utilize the program.*
- 2. The Market Operator should run a test prior to each hour to ensure there is enough market availability in order to provide this "option" of the EIM Energy Assistance Program in Real time to EIM Entities.*
- 3. Provided that this condition is met: if a Resource Sufficiency test failure occurred, then an EIM Entity would have an option to receive EIM Imports above the current capped threshold at a price of \$2000/MW.
 - a. We believe that the market should prioritize EIM transactions to the EIM Entities that pass the Resource Sufficiency tests. The EIM Entity that fails the Resource Sufficiency tests and elects to receive imports should be the first cut if a real-time shortage occurs.*
 - b. The price for the program should be high enough to prevent leaning, which should be monitored by the DMM. The expectation for this program is that it would be used when necessary for reliability.**
- 4. The EIM Energy Assistance Program should be settled out of the market to provide payments to generators that are responsible for the energy or to EIM Entities that passed the test if it is not possible to determine the generator that responded. This uplift or out of market settlement should be settled directly with the EIM Entities for further allocation. Additionally, we should consider utilizing uplift charge codes that already exist to minimize complexity.*

In closing, we believe that no market rule should create a reliability issue or increase the probability of an Emergency Event by cutting EIM Entities out of the "market" in real-time when transactions are needed the most. With more and more Entities joining the EIM, it is paramount that we develop a simple solution to allow Energy Assistance.

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)

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)
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. The Residual Unit Commitment \(RUC\) is a component of CAISO's resource adequacy program and therefore is inappropriate for EDAM. As mentioned above, resource adequacy remains with the states. State-level resource adequacy planning precludes a uniform RUC process across the multiple states and EDAM Entities that could participate in EDAM. Also, it is unclear how RUC would be applied to EDAM Entities outside of California that do not participate in California's resource planning process.](#)
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)
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)