



Extended Day-Ahead Market Working Group 2: *Transmission Commitment and Congestion Rent Allocation*

Facilitator: Deb Le Vine

Scribe: Emily Hughes

January 4, 2022

Meeting Cadence: Tuesdays and Thursdays, 9 – 11 a.m.

Agenda:

Time:	Topic:	Presenter:
9:00 - 9:05	Welcome/introductions	Kristina Osborne
9:05 - 9:15	Working group participation/logistics	Kristina Osborne
9:15 - 9:25	Today's Objectives	Deb Le Vine
9:25 - 9:40	Review Principles for this work group	Deb Le Vine
9:40 - 10:45	Review and prioritize initial list of scope items	Deb Le Vine
10:45 - 10:55	Recap of discussion	Emily Hughes
10:55 - 11:00	Upcoming topics	Deb Le Vine

Working Group Meeting Participation/Logistics

- These collaborative working groups are intended to foster open dialogue and sharing of ideas and perspectives
 - Active participation is critical to meet objectives
- The intent is to have constructive and inclusive discussions
 - Please respect the opinions of others
- Participant phone lines will remain open throughout the meetings to enable open dialogue
 - To help manage the discussion, please raise your hand if you have questions/comments
- Stakeholders are welcome to present perspectives at these meetings, slides are due 5 business days ahead of session
 - The next slide includes a link for how to notify the ISO if you are interested in presenting

EDAM Resources

- List of [Common EDAM concepts and principles](#)
- Initiative and working webpage links:
 - [EDAM initiative webpage](#)
 - [Working Group 1 – Supply Commitment and RSE](#)
 - [Working Group 2 – Transmission Commitment and CR Allocation](#)
 - [Working Group 3 – GHG Accounting and Costs](#)
 - The working group webpages include the initial scope items and weekly summary reports
- EDAM WG questions and inquiries may be submitted [here](#).
 - Please use this process if your organization would like to present at an upcoming meeting
 - Presentations due 5 business days prior to the meeting where they are scheduled to present
- [Register](#) for working groups to help the ISO gauge interest and facilitate communication throughout process.

Today's Objectives

- Quick background and review of our initial Working Group “EDAM Common Design Principles & Concepts”
- Review, modify, and discuss list of Scope Items
- Decide on order of topics for conversation
- Set stage for Thursday's discussion

Principles – Transmission Commitment

Objective: Maximize the amount of transmission (firm, or otherwise high priority) made available to EDAM, while respecting the existing OATT framework and contractual commitments.

To support this goal, EIM Entities enabling EDAM would be committed to providing transmission made available through its resource sufficiency evaluation, as well as any unsold Available Transfer Capability (ATC) to the EDAM optimization. In addition, there would be certain general requirements reflected in the CAISO Tariff as well as implementing provisions in the EIM Entities' respective Open Access Transmission Tariffs (OATTs). Transmission would be made available in accordance with three “buckets.”

Principle – Bucket 1

Bucket 1 consists of network and point-to-point transmission service used to meet load service and resource sufficiency obligations. It must be firm, conditional firm, or otherwise highly reliable. As this transmission has been procured from the transmission provider(s) prior to submittal to EDAM, there would be no additional usage fee. Bucket 1 transmission would be optimized by the market at no cost. The policy design process should further delineate under what circumstances transmission in Bucket 1 may not be made available for optimization to strive toward consistent market participation. No additional direct compensation for Bucket 1 transmission would be provided by EDAM.

Principles – Bucket 2

Bucket 2 consists of firm, conditional firm, or otherwise highly reliable point-to-point transmission that has been previously reserved by different parties (LSEs, generator owners, marketers) that is not otherwise made available in Bucket 1. The original Bucket 2 concept was that the OATT customer would have a choice: (1) schedule all or part of their point-to-point reservation; (2) provide all or part of their reservation to the EDAM for optimization, or (3) do nothing. If provided to EDAM, the customer could not recall the reservation for use the next day. To encourage OATT customers who would not be using their reserved capacity to make it available to the market, there would be compensation. The exact form is still under consideration, but could consist of an allocated share of congestion payments.²

² Recognition that pre-existing legacy arrangements and terms of those legacy arrangements have to be honored.

Principles – Bucket 2 (*cont.*)

In further support of the transmission maximization principle, also under consideration is whether it would be feasible to permit the market to optimize Bucket 2 transmission that was not scheduled or otherwise provided by the OATT customer. If the OATT customer submitted an intra-day schedule, the market would redispatch to accommodate the change.

Principles – Bucket 3

Bucket 3 consists of firm Available Transfer Capability (ATC). This previously unsold capacity would be made available to EDAM and compensated at a usage rate. This could be a previously approved posted rate or a discounted rate at the discretion of the Transmission Provider. The OATT would be amended to provide a period for the CAISO to determine the amount of Bucket 3 transmission utilized by the day-ahead market. Any transmission not optimized by the market would be released back to Transmission Provider.

Principles – Congestion Rent Allocation (*Between BAAs*)

Objective: To hold transmission customers harmless without creating new uplifts.

With regard to allocation of congestion rents associated with transfers between EDAM Entities and between an EDAM Entity and the CAISO, the group has explored a number of possibilities:

- Congestion rents associated with EDAM transfers between EDAM Entities areas are generally split 50/50 between these areas to reflect that transfer is a result of the two voluntary offerings from EDAM Entity's BAAs meeting in the middle. If the transmission made available for EDAM transfers extends all the way into the sinking balancing area rather than stopping at the midpoint of balancing areas, the general 50/50 approach may not necessarily apply. Rather, 100% to sending balancing authority area may apply.
- CAISO retains 100% of congestion rents associated with intertie schedule constraints (ITC) at the boundary of the CAISO.

Principles – Congestion Rent Allocation (Between BAAs) (cont.)

- EDAM Entity BAA retains 100% of transfers on interface with CAISO.

While no final determination as to an approach has been made, the group has reached agreement as to the objective – (1) hold OATT customers harmless from exercising their existing intra-day scheduling rights, without causing uplift charges that would be assessed to the other OATT customers; (2) allocate incremental congestion created by EDAM and not modify current congestion processes. In other words, permit the scheduling change rights as exist today while trying to retain the pricing certainty reflected in the existing OATT rates. If there are excess congestion rents after these customers are held harmless, the dollars would be allocated back to transmission customers and not retained by the Transmission Provider.

Principles – Congestion Rent Allocation *(Distribution to LSEs and Transmission Customers)*

Objective: Facilitate the Congestion rent allocation priorities in the prior section in an equitable and implementable manner.

To ensure equal treatment among OATT customers, the CAISO would allocate the appropriate congestion rents to each EDAM Entity. Each EDAM Entity as the OATT Transmission Provider would sub-allocate the appropriate portion of these rents in accordance with the hold-harmless principle discussed above, to their customers, per the terms of their OATT.

Initial List of Scope Items

- *Review and discuss with the group*
 - *Transmission Availability*
 - *Transmission types – “buckets” and firmness*
 - *Availability – timing and duration*
 - *Impact of unavailable transmission*
 - *Compensation*
 - *Which buckets*
 - *Congestion Rent Allocation*
 - *Allocation between EDAM BAAs*
 - *CAISO grid allocation remains the same*

<http://www.caiso.com/InitiativeDocuments/RevisedListofScopeItemsforConsideration-EDAMStakeholderWorkingGroup2-TransmissionCommitmentandCongestionRentAllocation-Redline.pdf>

Check In

- Objectives
 - Quick background and review of our Working Group principles
 - Review, modify, and discuss list of Scope Items
 - Decide on order of topics for conversation
- Next Steps