



## Stakeholder Comments Template

### Extended Day-Ahead Market Issue Paper

This template has been created for submission of stakeholder comments on the **Extended Day-Ahead Market (EDAM) issue paper** that was posted on October 10, 2019. Information related to this initiative may be found on the initiative webpage at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/ExtendedDay-AheadMarket.aspx>.

Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com) by close of business on November 22, 2019.

Submitted by	Organization	Date Submitted
<a href="#">Ken Kohtz – (408) 615-6676</a>	<a href="#">Silicon Valley Power (SVP)</a>	<a href="#">November 22, 2019</a>

For the topics below described in the issue paper, please provide your organization’s comments on whether the item is within the scope of this initiative. If so, suggestions for how to address the the issue. Also, include suggestions for additional topics to be added to the scope of this initiative. Include detailed examples to support your organization’s comments.

**Please note**, the EIM Governing Body and the ISO Board of Governors have jointly established an EIM Governance Review Committee (GRC) that is charged with leading a public process, separate from this initiative, to develop proposed refinements to the current EIM governance. The GRC’s role includes considering and developing any proposed changes to EIM governance that may be necessary for EDAM. Comments related to the governance topic should be provided in that process and not in the EDAM initiative.

#### Comments:

[The City of Santa Clara, dba Silicon Valley Power \(“SVP”\), appreciates the opportunity to comment on CAISO’s Extended Day-Ahead Market Issue Paper.](#)

[As a preliminary matter, SVP notes that the scope of this initiative is broad and includes many complex issues. Given the breadth and complexity, the time frame for the stakeholder process appears to be too short. In addition to considering modifications to](#)

the schedule, CAISO should work with stakeholders to prioritize the issues and focus on those that are critical for implementation of the EDAM.

## 1. Transmission Provision

Given the preliminary stage of this initiative, SVP primarily has questions in regards to what the CAISO is considering (and also what the EIM Entities shared in their October 3, 2019 Feasibility Assessment Update presentation).

First, on Slide 19 of the 10/03/19 presentation a Scenario #3 is listed which included an assumed zero (\$0) hurdle rate – as opposed to a \$3/MWh hurdle rate in the other scenarios – and where the Potential Production

Cost Reduction was only \$1M more than in Scenario #2. Can this small savings difference be explained in more detail? Also, what was the basis behind using a \$3/MWh hurdle rate as opposed to a different hurdle rate?

Second, in regards to the 5<sup>th</sup> listed potential transmission-availability mechanism on Page 9 of the CAISO's October 10, 2019 EDAM Issue Paper, is the reference to a tariff approved transmission rate intended to refer to a rate in the CAISO tariff, or would it be the rate the transmission service provider has approved for transmission service independent of EDAM? If the former, has the CAISO yet considered a potential threshold for a hurdle rate to be utilized in the EDAM, as there would likely be concerns if the hurdle rate was either too high or too low?

In regards to the 3<sup>rd</sup> listed potential transmission-availability mechanism on Page 9 of the 10/10/19 Issue Paper, how would the congestion revenue received by the transmission customer (who made transmission available to the EDAM) potentially affect the value of CRRs already held by an existing CAISO CRR Entity – where such existing CRR Entity may have a combination of internal-to CAISO source-sink CRRs as well as “intertie” source-sink CRRs, where such intertie CRRs may be mapped to a new single hub created via the extension of the existing CAISO DAM to the EDAM? How long of a commitment to making transmission available will be required for an entity to be eligible to receive congestion revenue? Does CAISO envision the CRRs to be option CRRs or obligation CRRs?

In regards to the 4<sup>th</sup> listed potential transmission-availability mechanism on Page 9 of the 10/10/19 Issue Paper, how (and by whom) would the transmission charge be developed and collected?

## 2. Distribution of congestion rents

As the CAISO considers (Item #5 on Page 10 of the Issue Paper) extending the

“appropriate elements” of the CRR market design to EIM entities, SVP assumes that the CAISO may well look at how to map existing intertie CRRs to a single hub within a non-CAISO BAA that participates in the EDAM. Would the CAISO expect such a mapping to be a MW-for-MW mapping – and how would the CAISO ensure that the spread between scheduling hub and tie-point LMPs would be sufficiently covered?

Please describe how CRRs or congestion rents being provided to transmission customers who make transmission available for their BAA’s use will be affected by, or interact with, CRRs or congestion rents potentially provided for transmission temporarily made available for EDAM transactions. For example, if a BAA (such as CAISO) has allocated or auctioned CRRs to entities on a seasonal or monthly basis, could the same transmission be made available for EDAM transactions? If so, how will CAISO ensure that any EDAM value sharing does not rely on congestion rents that already have been committed to other parties?

**3. Resource sufficiency evaluation (including forward planning and procurement; trading imbalance reserves and capacity; EIM resource sufficiency evaluation)**

As is the case in the EIM, SVP agrees it is important to have adequate testing for Resource Sufficiency to ensure the market is supported by sufficient resources. Has the CAISO determined if the same tests would work for EDAM as it is currently using for EIM? Does the potential greater magnitude of energy transacted require different testing? Different consequences for failing to pass the tests?

**4. Ancillary services**

**5. Modeling of non-EDAM imports and exports**

Modeling of non-EDAM imports and exports presents issues similar to those addressed in the prior Full Network Model Expansion and Integrated Balancing Authority Area discussions. Appropriate modeling is important for proper price formation, so such should be addressed. In addition, would

some IBAA/MEEA tariff provisions and agreements/arrangements be no longer needed with the utilization of EDAM? Does EDAM resolve the concerns that led to IBAA? Does it present the same concerns itself?

**6. External participation**

**7. Accounting for greenhouse gas costs**

**8. Convergence bidding**

Will the allowing of individual BAA-enabled convergence bidding markets result in allowed convergence bidding at what are today's intertie scheduling points? If so, how will the existing concerns with convergence bidding at intertie scheduling points be avoided at an EDAM scheduling hub level?

**9. Price formation**

**10. EDAM administrative fee**

Does CAISO have an estimate as to what it will cost to study and develop the EDAM? Although the initial benefits study provides an aggregated financial benefit estimate without identifying which entities would benefit to what degree, it seems logical that much of that benefit would be enjoyed by the new participants in the expanded day-ahead market. The costs of developing

the EDAM should be borne by those new participants through some form of up-front funding mechanism. On-going administrative costs would be appropriately charged on a transactional basis. It is not clear from the issue paper if the EDAM administrative fee would apply to all volumes transacted in the existing day-ahead market, plus transactions in the EDAM, or just in the EDAM?

Once the particulars of the EDAM Administrative Fee are determined (as speculated on in Section 13 on Page 17 of the Issue Paper), will the current CAISO GMC billing determinants be adjusted downward by the EDAM determinants, such that the GMC will be reduced by the EDAM Administrative Fee?

**11. Review of day-ahead settlement charge codes**

**12. Miscellaneous (inter SC trades)**

**13. Additional items to be added to scope:**

This question is more of an overarching fundamental question about the nature of the EDAM: How will the existing CAISO DAM be absorbed/merge with the EDAM? What is the relationship of the two, especially for existing CAISO DAM customers? Will the EDAM replace the DAM or will there be parallel-type markets that would have some interaction?

How will existing CAISO DAM imports and export schedules be affected by the EDAM? Specifically, how would current COTP DAM imports (Captain Jack/Tracy) be scheduled in the EDAM? Would there be scheduling hubs created incorporating the supply source that would be utilized, replacing the current intertie scheduling? If so, would that result in scheduling hub transactions getting limited by the most limiting constituent intertie, similar to what happens with DLAP limitations? If the existing intertie scheduling points continue to be used, but CRRs are mapped to EDAM scheduling hubs,

wouldn't that result in reduced CRR hedging proficiency and value transfer among CRR Holders?