

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 14, 2022.

Question:

For each question please identify whether you “generally support”, are “neutral” or “generally oppose” the concepts based on the information discussed in the working groups to date, recognizing that additional detail will be provided through the straw 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 perspective on the transmission “buckets” framework for supporting EDAM transfers.
 - Generally support
 - Neutral
 - Generally oppose

Comments:

Shell Energy supports the bucket frameworks for supporting EDAM transfers--with caveats. Specifically, we have concerns with application of bucket 2 and 3 transmission. Shell Energy suggests that all third-party transmission rights held by EDAM and non-EDAM participants alike must be respected. For bucket 2, individual transmission customers must be allowed to determine a customer-specific hurdle rate by hour. This reflect different rightsholders’ direct and opportunity costs of making limited transmission available to support EDAM transfers. For bucket 3, unused rights and/or customers unscheduled capacity not committed as part of bucket 2 utilized by EDAM should result in revenues returned to the TP and/or individual rights holders.

2. Please share your perspective on whether Bucket 2 transmission should, aside from the voluntary nature of it, include use of unscheduled point-to-point transmission to maximize transmission available to EDAM for optimization of transfers.
- Generally support
 - Neutral
 - Generally oppose

Comments:

Shell Energy supports only making bucket 2 transmission available on a voluntary basis, where making the capacity available and hurdle rates are determined exclusively by the capacity rightsholders themselves. We do not support EDAM usurping unscheduled transmission rights for EDAM purposes. Existing transmission rightsholders must not be forced to contemplate a binary “use or lose” decision for their transmission rights.

3. Please share your perspective on the concept of the CAISO providing hurdle free transmission in the export direction reciprocal to the amount of hurdle free transmission provided by the adjoining EDAM BAA across the interface to support EDAM transfers and derive mutual benefit.
- Generally support
 - Neutral
 - Generally oppose

Comments:

We generally support a reciprocal framework where mutual benefits are maximized by all parties such that access to transmission remains competitive, open and nondiscriminatory for all market participants—regardless of a participant’s direct or indirect membership/participation in EDAM.

4. Please share your perspective on the overall transmission compensation framework under the transmission buckets and the associated transfer revenue and congestion rent allocation method discussed:

- A. Congestion rents is associated with internal transmission within the EDAM Entity that is a component of the Locational Marginal Price. Transfer revenue, includes the congestion rent, and is the LMP difference between the import and export transfer. Transfer revenue may also include the hurdle rate depending upon the product.
- Generally support
 - Neutral
 - Generally oppose

Comments:

Shell Energy supports this approach in theory. CAISO's EDAM participation agreement should include minimum standards for cost and revenue allocations between EDAM BAAs and transmission rightsholders/market participants not directly entering the EDAM. Leaving it up to each EDAM BAA will result in non-standard processes by BAA and potentially not allocate costs and revenues fairly between BAAs and transmission rightsholders/market participants.

- B. Transfer revenue associated with EDAM transfers between EDAM BAAs are generally divided 50/50 between these BAAs.
- Generally support
 - Neutral
 - Generally oppose

Comments:

Shell Energy opposes a sharing mechanism where revenues are not shared with transmission rightsholders directly. 50/50 sharing should not be retained by BAAs. Under this framework, we are concerned that the allocation of costs and revenues may not being fairly attributed to rightsholders or non-EDAM participants. Instead, this could result in revenues being retained by the EDAM BAA for benefits provided by and paid for by other entities/transmission rightsholders.

- C. Transfer revenue associated with EDAM Transfers across an Intertie Constraint (ITC) at the boundary with the CAISO are allocated 100% to the CAISO or adjoining EDAM BAA depending upon the location of the congestion (if on the CAISO side or the adjoining

EDAM BAA side).

- Generally support
- Neutral
- Generally oppose

Comments:

5. Please share your perspective on intertie bidding:

A. Self-schedules should continue to be permitted at the interfaces with the EDAM footprint

- Generally support
- Neutral
- Generally oppose

Comments:

Shell Energy supports intertie self-scheduling. Allowing intertie bidding at the existing CAISO intertie points (e.g. COB, PaloVerde, NOB) also should be maintained post EDAM implementation.

B. Economic bidding is not permitted at interties on the boundary of the EDAM footprint, except at CAISO interties with non-EDAM BAAs.

- Generally support
- Neutral
- Generally oppose

Comments:

No comment.