

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

El Paso Electric Company

)

Docket No. ER10-2721-013

**COMMENTS OF THE DEPARTMENT OF MARKET MONITORING
OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rule 212 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. §§385.212, the Department of Market Monitoring (“DMM”), acting in its capacity as the Independent Market Monitor for the California Independent System Operator Corporation (“CAISO”), submits these comments in the above-captioned proceeding.

I. COMMENTS

On September 9, 2022, El Paso Electric Company (“EPE”) submitted a request to participate in the CAISO’s Western Energy Imbalance Market (“WEIM”) at market-based rates.¹ The Commission has not yet taken action on this filing, but has issued a public notice on March 9, 2023 seeking comment on EPE’s September 9, 2022 filing by March 23, 2023.² On March 13, 2022, EPE requested that the Commission consider this matter urgently and either (a) state in writing that EPE’s filing for market-based rates in the WEIM is deemed accepted by operation of law, or (b) shorten the notice period and issue an

¹ El Paso Electric Company, *Notice of Change in Status to Reflect Participation in California Independent System Operator Corporation’s Energy Imbalance Market*, Docket No. ER ER10-2721-013 (Sept. 9, 2022).

² FERC, Combined Notice of Filings #1, Docket No. ER10-2721-013 (March 9, 2023)

order affirmatively accepting EPE's market based rate filing no later than March 22, 2023.³ As explained in EPE's March 13 filing, EPE is in the final stages of preparations to begin live participation the in WEIM on April 5, 2023, and CAISO and EPE need to take certain final steps in the implementation process which will be difficult to reverse.

DMM supports approval of EPE's request for market based rates in the WEIM. EPE's September 9, 2022 filing provided a market power analysis based on the Commission's screens which is similar to analysis provided by other entities receiving market based rate authority in the WEIM. In addition, EPE's September 2022 filing notes a report by DMM published on September 7, 2022 which also supports the finding that EPE will lack market power in the WEIM.⁴ As summarized in DMM's September 2022 report:

The [DMM] analysis uses data provided by EPE for the 18 month period November 2020 to April 2022. The report assesses the potential competitiveness of the EPE area in the WEIM based on the expected amount of competitive supply that may be transferred into the EPE area from the broader WEIM footprint, compared to an approximation of imbalance demand that is expected to be served by the WEIM in the EPE BAA. This analysis indicates that the EPE area will likely be structurally competitive in most intervals in the WEIM when WEIM transfer capacity is available in the range of the estimated levels provided by EPE. The analysis further indicates that during the likely limited number of intervals when the EPE area may be

³ El Paso Electric Company, *Request for Immediate Commission Action*, Docket No. ER ER10-2721-013 (March 13, 2022)

⁴ *Assessment of potential competitiveness in the energy imbalance market: El Paso Electric Balancing Area*, Department of Market Monitoring, September 7, 2022. <http://www.caiso.com/Documents/Assessment-of-Potential-Competitiveness-WEIM-EI-Paso-Electric-Company-Balancing-Area-Sep-7-2022.pdf>

structurally non-competitive, the CAISO's market power mitigation processes provide highly effective mitigation of the potential to exercise market power.⁵

As explained in EPE's March 13 request, the ability of EPE to receive approval from FERC to begin participating in the WEIM as scheduled on April 5, 2023 is in jeopardy. Any such delay would delay realization of the benefits to the entire WEIM stemming from the participation of the EPE balancing area in the WEIM. Therefore, DMM supports EPE's request for approval of market based rate authority in the WEIM as soon as possible in advance of EPE's scheduled go-live date of April 5, 2023.

Respectfully submitted,

By: /s/ Eric Hildebrandt

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Independent Market Monitor for the
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Dated: March 14, 2023

⁵ Ibid, p. 3.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 14th day of March, 2023.

/s/ Anna Pascuzzo
Anna Pascuzzo