

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

California Independent System Operator Corporation)
)

Docket No. ER24-1837

**MOTION TO INTERVENE AND COMMENTS
OF THE DEPARTMENT OF MARKET MONITORING
OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to Rules 212 and 214 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. §§385.212, 385.214, the Department of Market Monitoring (“DMM”), acting in its capacity as the Independent Market Monitor for the California Independent System Operator Corporation (“CAISO”), submits this motion to intervene and comment in the above-captioned proceeding.

I. SUMMARY

In this filing, the CAISO proposes a tariff revision to remove the requirement of non-generator resources (NGR) with resource adequacy (RA) capacity to submit \$0/MW availability bids in the residual unit commitment (RUC) process. The CAISO proposes this tariff amendment because the current tariff language is inconsistent with CAISO’s current market functionality and business practices, which do not support NGR resources submitting bids into RUC. DMM identified and first brought this issue to the attention of the CAISO in 2021, and supports the proposed tariff change. DMM supports changing the current tariff as a solution to reconcile differences with business practices because NGRs will be able to submit bids into RUC once the Commission-approved day-ahead

market enhancements (DAME) goes live in spring of 2026. At that time, new tariff rules for NGR participation in RUC, new market functionality, and new business practices will go into effect. DMM has not heard any concerns from stakeholders regarding this tariff change.

II. COMMENTS

Background

In 2021, DMM identified an inconsistency between the CAISO tariff, CAISO Business Practice Manual (BPM), and RUC software implementation as to whether batteries with RA capacity are required to bid into RUC, and whether RUC is using bids for NGR. The CAISO assessed this issue and also determined there was an inconsistency between the BPM, the RUC process, and the tariff.

The newly proposed tariff language clarifies that NGRs will no longer be required to bid into RUC at \$0/MW. The tariff amendment aligns the tariff with the existing business practices and RUC process, whereby the RUC process does not commit NGRs, but will hold the energy schedules of NGRs as they have cleared the integrated forward market (IFM).

The CAISO is planning to allow RUC functionality for NGRs, for both incremental and decremental capacity, as part of the day-ahead market enhancements (DAME). This functionality will allow NGRs to submit economic bids into the RUC across the full operating range of the NGR, with a requirement to offer the reliability capacity up product.

DMM supports the proposed tariff revision as it will align the tariff with current business practices and RUC process

Aligning the tariff with current market functionality and NGR limitations in RUC will create needed clarity for NGRs in the market, until the CAISO implements the Commission-approved day-ahead market enhancements (DAME), which will allow NGRs to participate in the RUC process.

Resources with an RA capacity obligation are required to bid or self-schedule into the IFM. Due to the technological nature of NGRs, there is no need for commitment of these resources in RUC. Instead, under current market functionality, RUC receives the IFM schedules of NGRs with RA capacity obligations. The RUC accounts for NGRs through schedules in the IFM, and RUC does not create additional market awards for NGRs. Market participants are aware of this and do not currently submit RUC bids. Therefore, DMM supports the tariff amendment to remove the language that NGRs submit \$0/MW RUC bids, and align the tariff with current market functionality and business practices.

When the CAISO implements the Commission-approved day-ahead market enhancements (DAME), NGRs will be able to participate in the RUC process. DMM supports the inclusion of NGRs in the RUC process as proposed in the DAME. However, under the DAME framework for NGRs in RUC, NGR RUC awards will be constrained by the resource's state of charge from its IFM schedules. As DMM has previously noted, this may lead to limited additional NGR capacity awards in the RUC process. Further, real-time exceptional dispatch may be needed to ensure the availability of RUC capacity

awarded to storage resources in the real-time. Despite these limitations, DMM supports the enhanced RUC language in the approved DAME tariff.

III. MOTION TO INTERVENE

DMM respectfully requests that the Commission afford due consideration to these comments and motion to intervene, and afford DMM full rights as a party to this proceeding. Pursuant to the Commission's Order 719, the CAISO tariff states "DMM shall review existing and proposed market rules, tariff provisions, and market design elements and recommend proposed rule and tariff changes to the CAISO, the CAISO Governing Board, FERC staff, the California Public Utilities Commission, Market Participants, and other interested entities."¹ As this proceeding involves CAISO tariff provisions that would affect the efficiency of CAISO markets, it implicates matters within DMM's purview.

IV. CONCLUSION

DMM respectfully requests that the Commission afford due consideration to these comments as it evaluates the proposed tariff provisions before it.

¹ CAISO Tariff Appendix P, Section 5.1.

Respectfully submitted,

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Independent Market Monitor for the
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Dated: May 16, 2024

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 16th day of May, 2024.

/s/ Aprille Girardot

Aprille Girardot