

Comments on Extended Day-Ahead Market Revised Draft Tariff Language

Department of Market Monitoring

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Comments

The Department of Market Monitoring (DMM) appreciates the opportunity to comment on the Extended Day-Ahead Market – Revised Draft Tariff Language.¹

Section 33.7.5 EDAM Transfer Priority Relative to Demand

Language in this section states, “EDAM Transfers will have a priority equal to Demand in the EDAM Area.” DMM’s understanding of the intended policy for prioritizing between EDAM Area Demand and EDAM transfers in real-time is that there is a difference between how the real-time optimization software will prioritize between demand and EDAM transfers and how operators in an EDAM Area that has to curtail load and/or EDAM transfers will prioritize between demand and EDAM transfers.

The equations defined in Appendix 3 of the EDAM Final Proposal specify how the real-time optimization software will prioritize between each area’s demand and EDAM Transfers.² DMM’s understanding of these equations is that when system-wide real-time supply cannot meet real-time demand, the software will assign the power balance violation to the EDAM Area whose supply is insufficient to meet its real-time demand plus net EDAM transfers out. The real-time software will not assign power balance violations to EDAM Areas that may have insufficient supply to meet demand in the absence of EDAM Transfers in from other areas, but which have sufficient supply to meet demand with the addition of all net EDAM energy, IRU, and RCU Transfers in. Therefore, the EDAM policy defined by the Final Proposal has the real-time market software assigning a higher priority to EDAM Transfers than to Demand in an EDAM Area.

The tariff language in this section 33.7.5 seems to accurately describe the Final Proposal policy for how an EDAM balancing area’s operators should prioritize between EDAM Transfers and Demand if the balancing area assigned the power balance violation by the real-time software actually has to curtail either load or EDAM Transfers.

However, DMM has not identified tariff language that defines the policy for how the real-time optimization software will prioritize between Demand and EDAM Transfers. DMM believes the policy defined in the Final Proposal that clarifies that the software will prioritize EDAM

¹ Revisions as of June 13, 2023 available at: <https://stakeholdercenter.caiso.com/StakeholderInitiatives/Extended-day-ahead-market>

² *Extended Day-Ahead Market – Final Proposal*, CAISO, December 7, 2022, pp. 136-137: <http://www.caiso.com/InitiativeDocuments/FinalProposal-ExtendedDay-AheadMarket.pdf>

Transfers over Demand is an important aspect of the overall EDAM policy. DMM recommends that the ISO identify where this policy is specified in the Revised Draft Tariff Language, and to add such language if it does not currently exist.

Section 33.30.8.3 Non-Source Specific E-Tag Requirements

Bids and schedules that can cure untagged non-resource specific import awards

Revised draft tariff language in this section states:

“An EDAM Entity Scheduling Coordinator will have until 5 hours before the start of the Operating Hour to submit E-Tags and/or replace the capacity with other firm schedules or physical resources for schedules that lack a valid Day-Ahead E-Tag within the timeframe. If the EDAM Entity Scheduling Coordinator does not E-Tag the outstanding import schedules, including import EDAM Transfers, and fails to resupply by submitting additional incremental Energy Bids from internal supply EDAM Resources above the resource’s Day-Ahead Schedule not encumbered by Day-Ahead capacity awards to cover the E-Tag insufficiency prior to the deadline, the CAISO will remove the EDAM Entity Balancing Authority Area from the group of Balancing Authority Areas that comprise the EDAM Upward Pool”

DMM supports the ISO clarifying that firm schedules, or bids from specific resources in excess of day-ahead energy, IRU, and RCU awards, can count towards curing untagged non-source specific imports. DMM noted in prior comments on EDAM policy that ambiguity in the Final Proposal language seemed to leave open the possibility of only counting real-time bids in excess of day-ahead market *bids*. Counting real-time bids in excess of day-ahead *awards*, as clarified in the tariff language, resolves this potential ambiguity.

Clarifying which EDAM BAA is responsible for an untagged non-resource specific import that was supposed to wheel through one EDAM BAA to count towards the EDAM RSE of another EDAM BAA

If a non-resource specific import contracted to count towards an EDAM BAA’s EDAM RSE requirement schedules on the border of that EDAM BAA, EDAM policy and tariff language is clear that this EDAM BAA will bear the consequences of that import not tagging by the start of the STUC run. However, consider a scenario of a non-resource specific import that counts towards one EDAM BAA’s EDAM RSE. Now assume that this non-resource specific import is ultimately supported by an import into a second EDAM BAA that is wheeled through that second EDAM BAA using Bucket 1 transmission and then imported into the first EDAM BAA, which counts this import as EDAM RSE supply. In this scenario, the EDAM policy in the Final Proposal and tariff language is not clear on which of the two EDAM BAAs will bear the consequences of the import failing to tag by the start of the STUC run.

DMM’s current understanding of the planned implementation of supply using Bucket 1 transmission from EDAM BAA 2 to count towards the EDAM RSE requirements of EDAM BAA 1

is that the ISO will simply increase the EDAM RSE requirement of EDAM BAA 2 and decrease the EDAM RSE requirement of EDAM BAA 1. In this wheel-through scenario, this would imply that the consequences for the import failing to tag would fall on the EDAM BAA that the import is simply wheeling through (EDAM BAA 2 in this example). DMM questions whether this would be the most appropriate policy.

DMM recommends that the ISO clarify in the EDAM tariff language which EDAM BAA will bear the consequences of the untagged import in this scenario. Each EDAM BAA will need to develop policy for addressing possible untagged non-resource specific imports wheeled through its BAA, and this policy will depend on which BAA is responsible for the consequences of the import failing to tag.

Clarifying implications of a non-resource specific import counted towards EDAM RSE but that ultimately tags its source as being from an EDAM BAA

The Straw Proposal in the EDAM ISO BAA Participation Rules initiative contemplates the possibility of a non-resource specific import counted towards an EDAM BAA's EDAM RSE. The ISO would model the import as a distributed injection at the sink BAA's Demand Aggregation Points. The proposal then describes the policy for how the real-time market would treat such an import, if the import ultimately sourced from within the EDAM footprint:

In the real-time market, once the source of the supply is known, the scheduling coordinator would be expected to submit a bid at the resource if the source supporting the firm delivered energy is located within the EDAM footprint. The scheduling coordinator would be expected to cancel the DA schedule at the resource in the EDAM footprint through a base transfer deviation with the ISO at the applicable interface between EDAM areas. This base transfer associated with the resource in the footprint would contribute to the ISO WEIM RSE.³

DMM recommends the ISO clarify this policy for any EDAM balancing authority area that has day-ahead market schedules from non-resource specific imports. If a non-resource specific import tags as ultimately being sourced from within an EDAM BAA, it seems reasonable to automatically set the real-time tagged energy amount on the import resource that cleared the day-ahead market to 0 MWs, forcing the importer to buy back the day-ahead cleared quantity at the relevant real-time market price. This could also expose the importer to each EDAM balancing area's penalties for failing to tag an import. It is not clear if this is the intended EDAM policy. It is also not clear how the EDAM and WEIM implementation will adjust to allowing the power in this scenario to count towards the WEIM RSE of the EDAM BAA that was the sink of the non-resource specific import, rather than towards the WEIM RSE of the EDAM BAA that is

³ *Extended Day-Ahead Market ISO Balancing Authority Area Participation Rules – Issue Paper and Track A1 Straw Proposal*, CAISO, May 5, 2023, p. 29: <http://www.caiso.com/InitiativeDocuments/IssuePaper-TrackA1StrawProposal-EDAMISOBAAAParticipationRules.pdf>

ultimately tagged as the source. EDAM BAAs will need to develop rules in their tariffs to account for the potential of being the import source or sink in this scenario.

Section 33.18.4.1 Wheels Through

The revised draft tariff language states:

Supply wheeled through the CAISO Balancing Authority Area and accounted for in the EDAM Resource Sufficiency Evaluation must demonstrate establishment of a *Wheeling Through* transaction across the CAISO Controlled Grid and have designated transmission service under Section 33.18.2.1 into an EDAM Entity Balancing Authority Area and on the CAISO Controlled Grid Section in accordance with Section 23 and Appendix L. (Emphasis added)

The term “Wheeling Through” is a tariff defined term, but does not indicate high-priority wheel through. Should this section reference a high-priority wheel through? Can other BAAs in EDAM rely on an LPT wheel across CAISO to meet the EDAM RSE? Policy on page 8 of the EDAM Final Proposal implies that a PT wheel is required for the bucket 1 transmission across the CAISO balancing area that is necessary for the supply to count towards the receiving EDAM balancing area’s resource sufficiency evaluation.

Section 33.32 Greenhouse Gas (GHG) and Section 29.32 Greenhouse Gas Regulation and GHG Bid Adders

DMM recommends the ISO carefully review these sections again for instances where the tariff language specifies resources “within the CAISO Balancing Authority Area” for whether it would be more appropriate to specify EDAM resources within the state of California. There are balancing authority areas in the state of California besides CAISO that are currently in the WEIM and that may join EDAM. Therefore, some instances of the use of “CAISO Balancing Authority Area” in these sections may be currently incorrect. Others may become incorrect as soon as a balancing authority area in California besides the CAISO joins EDAM.