

April 20, 2021

Angelina Galiteva, Chair
Ashutosh Bhagwat, Vice Chair
Severin Borenstein
Mary Leslie
Jan Schori

Dear Chair Galiteva, Vice Chair Bhagwat and CAISO Board of Governors,

Salt River Project Agricultural Improvement and Power District (SRP), Arizona Public Service (APS), Tucson Electric Power (TEP) and NV Energy (NVE) (“Southwest Load Serving Entities” or “Southwest LSEs”) have significant concerns with the proposed changes articulated in the Final Proposal for Market Enhancements for Summer 2021 Readiness related to export, load, and wheeling priorities. The Southwest LSEs appreciate CAISO’s efforts to find short-term solutions while developing long-term policy proposals to address the wheeling concerns; however, the CAISO proposal is not fair, equitable or aligned with the intent of FERC’s open access requirement and non-discriminatory service.

For the reasons laid out below the Southwest LSE’s request that the CAISO Board of Governors oppose the proposed export, load, and wheeling priority changes. The proposed changes are not equitable or fair to market participants outside of CAISO and are inconsistent with regional market principles.

CAISO has not developed a near-term solution that places wheel-through transactions used to serve load outside the CAISO on even footing with imports to serve CAISO load. The near-term solution substantially and negatively affects the quality and reliability of daily market transactions Southwest LSEs rely upon to serve load because it increases the risk of curtailment if CAISO predicts import congestion.

This latest proposal is not equitable or fair to market participants outside of the CAISO Balancing Authority Area (BAA) and is inconsistent with regional market principles. No other BAA in the Western Interconnection could manage its transmission system to bias import preferences for its own load at the expense of wheels that rely on firm transmission rights. In this proposal, CAISO is essentially exporting to the rest of the West its reliability issues that have arisen due to a number of dynamics occurring within the CAISO BAA. The CAISO’s proposal is unjust, unreasonable, and unduly discriminatory because it:

- inappropriately discriminates against wheel-through transactions by establishing criteria not applicable to CAISO LSEs;

- improperly restricts the ability of non-California utilities to respond to outages or unexpected events;
- disregards foundational open access principals of respecting monthly, weekly, and daily firm transmission service under the OATTs of neighboring BAAs;
- allows CAISO's control over the transmission system to support the economic decision of LSEs not to reserve resource adequacy capacity on firm transmission in contravention to OATT requirements, the practices of all other RTOs and the CAISO own recommendations to the CPUC and in its stakeholder process; and
- harms regional resource planning and potential market expansion.

It is not reasonable, nor should it be acceptable under the framework of the Federal Power Act, for other BAAs in the West to bear enhanced supply risk due to the consequences of this proposal. CAISO should not solve deficiencies that are a result of economic decisions of California parties not to secure firm transmission on external systems by exporting the resulting reliability issues to neighboring BAAs.

The Southwest LSE's request that the CAISO Board of Governors oppose the proposed export, load, and wheeling priority changes. The proposed changes are not equitable or fair to market participants outside of CAISO and are inconsistent with regional market principles.

Sincerely,
Arizona Public Service
Salt River Project Agricultural Improvement and Power District
Tucson Electric Power
NV Energy