

Comments on Inter-SC Trades in Regional Markets Draft Final Proposal

Department of Market Monitoring

September 16, 2024

The Department of Market Monitoring (DMM) appreciates the opportunity to comment on the *Inter-SC Trades in Regional Markets Draft Final Proposal*.¹ This initiative proposes the extension of the inter-SC trades of energy feature to other balancing areas in the Western Energy Imbalance Market (WEIM) and the Extended Day-Ahead Market (EDAM). DMM supports the extension of inter-SC trades to other balancing areas outside the California ISO balancing authority area (CAISO), as this will allow for better integration of bilateral markets across the West, and will provide additional transparency and visibility into these bilateral activities.

Inter-SC trades serve as a settlement mechanism that can facilitate contractual arrangements between scheduling coordinators, such as bilateral power purchases, by offsetting ISO settlement charges against contractual payment responsibilities. Currently, the three different types of inter-SC trades, (1) energy, (2) ancillary services, and (3) Integrated Forward Market (IFM) Load Uplift Obligations, are only supported within the CAISO balancing authority area. This initiative proposes extending the ability to conduct inter-SC trades of energy to WEIM and EDAM entities. DMM supports allowing other WEIM and EDAM entities to conduct inter-SC trades of energy. Allowing other entities to utilize the inter-SC trading mechanism will help integrate bilateral markets in the West, and may also provide additional transparency and visibility into these bilateral activities.

As noted in earlier comments, DMM also agrees with the suggestion that inter-SC trade functionality could be a useful tool to more accurately allocate surcharges associated with failing the resource sufficiency evaluation (RSE).² DMM believes that the financial consequences of failing the RSE should be allocated to entities whose actions contribute to the failure, and DMM supports additional functionality that would facilitate the allocation of RSE failure surcharges in alignment with causation.

¹ *Inter-SC Trades in Regional Markets Draft Final Proposal*, California ISO, September 5, 2024:

<https://stakeholdercenter.caiso.com/InitiativeDocuments/DraftFinalProposal-InterSCTradesinRegionalMarkets-Sept52024.pdf>

² *Comments on Inter-SC Trades in Regional Markets Straw Proposal*, Department of Market Monitoring, August 30, 2024:

<https://www.caiso.com/documents/dmm-comments-on-inter-sc-trades-in-regional-markets-straw-proposal-aug-30-2024.pdf>