



May 8, 2023

CAISO Board of Governors:

Mary Leslie  
Jan Schori  
Severin Borenstein  
Angelina Galiteva  
Joe Eto

WEIM Governing Body:

Robert Kondziolka  
Jennifer Gardner  
Andrew Campbell  
Anita Decker  
John Prescott

Dear CAISO Board of Governors and WEIM Governing Body Members,

The Western Power Trading Forum (WPTF) is a California nonprofit, public benefit corporation. It is a broad-based membership organization dedicated to enhancing competition in Western electric markets while maintaining the current high level of system reliability. WPTF supports uniform rules, open access transmission, and transparency to facilitate transactions among market participants. The membership of WPTF include load serving entities, energy service providers, scheduling coordinators, generators, power marketers, financial institutions, and public utilities that are active participants in the California market, other regions in the West, and across the country.

WPTF supports the intent of this initiative and believes that introducing new market-based products in the day-ahead market can reduce current operator actions and lead to a more efficient and reliable market outcome, if appropriately designed. WPTF appreciates the additional time and resources the CAISO and stakeholders have dedicated to this effort over the past few months. The additional workshops were useful in creating an opportunity for stakeholders to better understand the prior proposal and identify the trade-off decisions that are being made. However, we still do not believe this policy is ready for consideration by the Board and WEIM Governing Body, especially considering the significant impact it will have on the day-ahead market, which clears the majority of all transactions.

Despite the additional time provided to work on this policy, stakeholders were not afforded the opportunity to properly engage the CAISO on the proposal currently in front of the Board and WEIM Governing Body. This is due to the market design being in a constant state of flux during the last three weeks of the policy process, specifically from April 7 through May 1. Within this short timeframe, the CAISO issued three iterations of the policy, each with significant changes from the previous versions and the introduction of new elements.<sup>1</sup> WPTF cannot recall another

---

<sup>1</sup> A Draft Revised Final Proposal was issued April 6<sup>th</sup> followed by a stakeholder call on April 7<sup>th</sup>. The CAISO then held a storage specific workshop on April 17<sup>th</sup> followed by an addendum to the Draft Revised Final Proposal issued on April 19<sup>th</sup>. Comments reflective of all three papers/presentations were due on April 24<sup>th</sup>. The Revised Final Proposal was posted on May 1<sup>st</sup> followed by a limited discussion of some elements on May 2<sup>nd</sup>. No comment period was provided.



stakeholder process that involved introducing new and complex design elements at the very end of the policy process. As evident through the submitted stakeholder comments posted on April 24, stakeholders are still seeking clarification. There continues to remain a myriad of unanswered questions that require answers before stakeholders can begin to fully understand the policy and then proceed to consider the implications.

Furthermore, WPTF is extremely concerned with the unprecedented amount of uncertainty that remains regarding what market design will be implemented. While we appreciate the CAISO considering creative ways to address concerns raised during the March workshops, the proposed solution comes with a significant amount of uncertainty. For example, market participants will not know if, in practice, a zonal or nodal framework will be implemented at go-live until testing is done, which typically occurs right before implementation. Additionally, the proposed solution grants the CAISO ability to change between zonal and nodal designs without transparent and robust consultation with stakeholders beforehand.<sup>2</sup> It is also unclear at this point how storage resources will be modeled following implementation of the market design, which will represent a significant amount of the resource mix upon implementation.<sup>3</sup>

WPTF emphasizes the importance of having transparent market rules and well-informed market participants to actively engage in the market and achieve efficient market solutions. Leaving important details to the last minute without full transparency is detrimental to the overall market and may compel WPTF to oppose CAISO at FERC.

More concerning to WPTF is whether this proposal will successfully achieve its objectives. From the beginning, the CAISO and stakeholders have strived to develop a market product that increases operator confidence in the Integrated Forward Market (IFM) solution, resulting in significant reduction in Residual Unit Commitment (RUC) load conformance to address net load uncertainty. Even during the most recent set of stakeholder discussions, it was acknowledged that some of the recent changes may not instill the necessary confidence in operators. Therefore, despite the efforts and added costs, we may continue to see RUC load conformance as a means to address uncertainty.

Lastly, WPTF believes the overly complex market design planned for implementation alongside EDAM jeopardizes the benefits of EDAM. To fully realize the benefits of EDAM, it is essential to have a transparent market design and a set of transactable market rules at the outset. The

---

<sup>2</sup>Based on the latest stakeholder discussions, it is WPTF's understanding that the CAISO plans to include in the Business Practice Manuals the set of criteria used to determine which constraints are enforced. Thus, the constraints enforced that meet the criteria may change and stakeholder engagement would only occur if the criteria were modified.

<sup>3</sup> The CAISO added a new storage related item to the scope of this effort and a new set of constraints that will be used to limit storage resources imbalance reserve awards during the April 17 workshop. The timing did not provide stakeholders the ability to provide meaningful feedback.



uncertainty and complexity created by this market design and the CAISO's planned process towards implementation creates a degree of a black box market that will be detrimental. To be clear, WPTF is supportive of EDAM and DAME. However, given the magnitude of the day-ahead market, especially once expanded beyond the CAISO BAA, WPTF believes the best path forward is to establish a more simplified design and tune the parameters towards the more complex design as participants become comfortable and confident in the market they are transacting through, and the market shows the need for added complexity.

Sincerely,

A handwritten signature in black ink, appearing to read "S. D. Miller" with a stylized flourish at the end.

Scott Miller  
Executive Director  
Western Power Trading Forum  
[smiller@wptf.org](mailto:smiller@wptf.org)

Western Power Trading Forum  
1540 River Park Drive, Suite 211  
Sacramento, CA 95815-4608