

Stakeholder Comments Template

Extended Day-Ahead Market Issue Paper

This template has been created for submission of stakeholder comments on the **Extended Day-Ahead Market (EDAM) issue paper** that was posted on October 10, 2019. Information related to this initiative may be found on the initiative webpage at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/ExtendedDay-AheadMarket.aspx>.

Upon completion of this template, please submit it to initiativecomments@caiso.com by close of business on November 22, 2019.

| Submitted by | Organization | Date Submitted |
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Overall Comments and Recommendations for the Stakeholder Process

CMUA appreciates the effort to undertake consideration of potential incremental expansion of the CAISO's markets. This approach, namely incremental and organic market expansion and augmentation, is far preferable to top-down market development by regulatory or legislative fiat.

Of course, the efficacy of EDAM will depend on the amount and distribution of net benefits to EDAM participants, including the CAISO and its customers. Broadly applicable benefits is a necessary element of the EDAM design for it to be widely adopted and those benefits to be realized.

A key to EDAM success is the stakeholder process. Many of these issues are highly complex, while others may be simpler technically, but raise knotty equity issues. On top of the usual process of market design development, the market changes must be reflected in the Open Access Transmission Tariff (OATT) provisions of various potential EDAM participants.

Because of these complexities, CMUA's initial view is that the proposed stakeholder process is too aggressive. CMUA supports the initial workshop proposals to delve deeply on key market issues. After that, CMUA urges greater spacing between workshops/comments, and between proposals and comments. CMUA would urge 6-8 week intervals, as a general benchmark, between deliverables. This will allow the CAISO

to assess positions taken by parties, foster meaningful internal deliberation by stakeholders, and hopefully encourage collaboration among market participants.

Consistent with this thinking, CMUA urges the CAISO to hold off any Tariff or BPM development until after policy approval. The FERC process for this effort may be extensive. OATT development and approvals must also occur. CMUA sees no compelling hard deadline to implement EDAM. A 2022 go-live date seems unrealistic. It is much more important here to “get it right.”

1. Transmission Provision

CMUA has reviewed the EIM Entities Principles and Elements document. It is quite possible that this issue may be the most complex and potentially contentious as it involves marrying the CAISO’s markets and the relevant participants’ OATTs. CMUA observes that California stakeholders have been largely unengaged in the intricacies of Order No. 888 tariffs for 20 years, so educational efforts may be necessary. CMUA is particularly anxious to understand how the EDAM transmission construct might affect the CAISO’s own transmission rate structures, including efforts in the suspended Transmission Access Charge structure enhancements initiative. On a related matter, there have been historical discussions on changing Wheeling Out and Wheeling Through charges given the hurdles application of the WAC applies to exports from the CAISO. It would appear at first blush these issues must be linked to transmission in EDAM.

2. Distribution of congestion rents

CMUA supports the principle that those who pay for the embedded costs of the transmission system should receive the congestion rents from market optimization across those rights. How this is best accomplished in an EDAM context, CMUA has no position at this early juncture. We do note that the design of the CRR auction for the CAISO Day Ahead Market has been a matter of significant controversy, with auctioned CRRs held largely for speculative, not hedging, purposes, and revenue shortfalls funded by load serving entities. CMUA would question the wisdom of replicating that system to distribute congestion rents if a simpler mechanism can be devised.

3. Resource sufficiency evaluation (including forward planning and procurement; trading imbalance reserves and capacity; EIM resource sufficiency evaluation)

CMUA supports the notion that a universally applicable sufficiency test across the relevant market interval is essential to preserve the current construct that allows the voluntary nature of the EIM to be extended, without inappropriately leaning on neighboring systems. CMUA would oppose, however, and RS test that seeks to simply raise resources requirements will little to no linkage to overall system reliability benefits. We look forward to the stakeholder process on this issue.

4. Ancillary services

CMUA looks forward to the stakeholder process; it is premature to take a position on this matter at this time.

5. Modeling of non-EDAM imports and exports

CMUA looks forward to the stakeholder process; it is premature to take a position on this matter at this time.

6. External participation

CMUA recognizes that this was a matter of dispute during EIM design and implementation. Given that a significant portion of the West is or is planning to be in EIM, CMUA is hopeful the importance of this issue has been reduced. CMUA looks forward to discussion on scenarios which involve what could be a lack of identity between the EIM and EDAM footprint.

7. Accounting for greenhouse gas costs

CMUA agrees that the GHG mechanisms must be reevaluated in the context of EDAM market design. Even today under EIM, the calculation of the secondary dispatch results in increased Cap and Trade compliance obligations for California entities, despite no actions or changed behavior on their part. In addition to the direct changes contemplated in EDAM, notably the lack of a Base Schedule. CMUA urges a reconsideration of how this issue is treated across all markets, and in state regulatory proceedings.

8. Convergence bidding

CMUA members have expressed skepticism and caution with respect to the role of virtual supply and demand bids in the market. From the Principles and Elements, it is clear that the EIM Entities agree. CMUA looks forward to discussion on how this would interface with the CAISO market and whether consistency across the markets is necessary.

9. Price formation

CMUA looks forward to the stakeholder process; it is premature to take a position on this matter at this time.

10. EDAM administrative fee

Similar to the exercise in which the CAISO developed the charge for RC West Services, CMUA would anticipate a breakdown and attribution of costs by function, reflecting cost causation principles.

11. Review of day-ahead settlement charge codes

CMUA has no position on these matters at this time.

12. Miscellaneous (inter SC trades)

CMUA has no positions on these matters at this time.

13. EIM Governing Body classification

CMUA recognizes that most Governance issues are set to be deliberated within the Governance Review Committee. We support the proposal in the Issue Paper to apply a joint approval process for EDAM that includes approvals of both the EIM Governing Body and the CAISO Board of Governors.