Initial/Draft List of Scope Items for Consideration - EDAM Stakeholder Working Group 2 – Initial list of Scope Items for Consideration

Fundamentals:

Only EIM Entities can participate in EDAM. Non-EIM Entities are not eligible to participate in EDAM.

Joining EDAM is voluntary for EIM Entities. But need to give a period of notice of leaving EDAM to be determined separately). Decision to join EDAM cannot change one day to the next day.

EDAM is an extension of the existing CAISO DAM and the solution is done hourly. Objective is scheduling limit of the major interties, ties can be aggregated or defined on multiple interties or use major intertie function. Multiple transfers, single transfer – can define flexibly.

Working group will address the EDAM framework. Changes to individual OATTs for implementation of the market design will be up to each EIM Entity to go through their own stakeholder process, if appropriate.

When discussing transmission that is turned over to the EDAM for optimization, the primary focus is on the transmission and transfer capability between participating EDAM BAAs. Register capacity of longer-term transmission for transfers in Master File. Will need separate system/process to register short-term transmission purchases (less than 7 days in advance of the trade date). CAISO needs to know transmission availability by 9 AM to run the EDAM.

Transmission capability internal to the EDAM BAA would be made available to the market based on flow availability, as is done in the EIM today therefore no change to internal transmission from today's EIM. EDAM will not see internal transmission. Existing contracts will be honored by self-scheduling in EDAM or re-dispatch in EIM. Self-schedules with existing contracts will have a higher priority.

Multiple transfers between BAAs with different transmission products – base, static, dynamic. Different types of products – energy, ancillary services

Power balance constraint limits the internal transmission availability. BAA is a whole entity in the model and EDAM will have scheduling priorities.

Run advisory RSE at 9 AM need to know bucket 1 transmission available at that time. Bucket 2 and 3 would be made available for the EDAM at the same time.

OATT right holders will be respected.

Issue	External Market Design Questions	Internal Market Design Questions and Comments
Transmission Availability	What are the purposes and definitions of different transmission "buckets"? What types of transmission can/must be included in the types of transmission made available under each bucket? What Transmission Issues Overlap or Require Coordination with Resource Sufficiency Decisions? Consider transmission that is reserved by third party? How is internal transmission used and impacted by EDAM? Bucket 2 – how released to EDAM and then recalled, how do we address those rights? Will CRRs be sufficient? Intra-day changes of bucket 2, how is redispatch done for designated network resource and financial compensation / impact? What is the process for designating versus undesignating transmission and how does it align with the EDAM timeline?	For each of the buckets (1,2,3): - Define purpose of each bucket and consider consolidation or further expansion of buckets if necessary, and the nature of transmission (e.g., mandatory v. voluntary). Consider any exceptions or limitations of transmission made available under buckets. - Define firmness of transmission available to EDAM. What type of transmission is made available – firm, conditional firm and "highly reliable" transmission. - Under what circumstances will transmission not be made available for optimization (i.e., existing contract/OATT rights, must run, other)? **Bucket 1:** Transmission is mandatory to meet load service and resource sufficiency obligations. Acquired in advance at OATT rates, already paid for by LSE, with a plan to serve load and meet resource sufficiency. This transmission is typically for an external resource or bilateral firm transaction. Intent is OATT customers should be able to continue to self-schedule their own resources and own loads. Self-schedule transmission is still optimized because the entire market footprint is optimized. Need to develop penalty prices/priority for highest firm transmission similar to CAISO ETC and TOR rights [need to confirm ETC/TOR meets all the OATT requirements]. Support WSPP Schedule C deliveries as firm transmission. Available at 9 am to the EDAM at 10 am. Align with other bilateral markets to the extent possible. *Need ability to cure deficiencies in RSE in advance of providing the transmission information.* **Bucket 2:** Transmission is proposed to be voluntarily made available for some compensation [congestion rents – the congestion component of the LMP or something else]. ~~Unscheduled firm point-to-point is addressed in Bucket 2.~~ Cost recovered through existing OATT process. The expectation is the market would only be allowed to use unscheduled firm point-to-point reservations if the transmission provider and the CAISO are confident that the re-dispatch can be accomplished without creating physical infeasibilities. So the existing OATT rights are preserved. In further support of the transmission maximization principle, also under consideration is whether it would be feasible to permit the market to optimize Bucket 2 transmission that was not scheduled or otherwise provided by the OATT customer. If the OATT customer submitted an intra-day schedule, the market would re-dispatch to accommodate the change.

		Once voluntarily made available to, and used in the EDAM optimization, then can't be pulled back in real-time. Intra-day changes, still allowed and some compensation ~~congestion revenue~~ is used to pay back the bucket 2 customer~~-~~ by scheduling/bidding in EIM~~versus carving it out~~. The transmission customer would make this transmission available at no incremental transmission charge, but the right holder gets congestion rent or some compensation. If not used in EDAM, then transmission maybe given back to customer for intra-day transfers if allowed in their agreement. PTP does not get revenue if it is not used. Firm transmission is available unless the customer un-designates it if it wants to sell the transmission or they want to un-designate and give it back to the Transmission Provider. ~~Need to preserve OATT rights that already exist.~~ What do you do if the customer does not want to make it available? If on the interties then decrease the capacity available. If inside the BAA then self-schedule load and resource to hold the transmission for the customer. Internal transmission rights are not part of Bucket 2 and the rules for Bucket 2 do not apply to this transmission. **Bucket 3:** EDAM BAA or TSP within an EDAM BAA that is participating in EDAM and that has an OATT. Transmission is proposed to be made available, typically unsold OASIS ATC as 9 am for availability for the EDAM, used as a last resort in the optimization which is paid a usage rate and congestion rent, if applicable. Simple option is each OATT can have up to the OATT rate that is already approved. Potentially a large volume of transactions. Desire is to have a charge that does not prevent economic optimization. Transmission can change at any time and not be considered firm until put in EDAM. Transmission could be sold under the OATT until prior to the 9 am start for EDAM and OASIS allows queueing for use of transmission. Then once results are available, the available transmission can go back to being sold based on the OASIS queuing. FERC 890 recently lifted the cap on the OATT rate for resales. Today, can't selectively discount a path. Hourly rate from the OATT could be used. **General**: Customers with firm point-to-point reservations may schedule transmission service in accordance with those reservations. If they do not fully schedule the reserved transmission capacity, the OATT transmission provider must make it available for non-firm service. Any transmission ultimately not used by the EDAM would revert back to the

		transmission provider and could be reposted on OASIS after EDAM (i.e., if it is still marketable). Designated Network Resource ("DNR") has firm transmission service and have first call on the transmission. Transmission provided to EDAM needs to be relied upon and not withdrawn. CBM and TRM would need to be determined by each BAA for the reliability of their grid. CAISO can develop a report that defines what transmission is used and what transmission is still available.
Transmission Availability	How would unused reserved transmission automatically made available to EDAM be defined? What existing uses of transmission might preclude used from the CAISO's EDAM market?	Consideration of reserved transmission (bucket 2) being made available to EDAM if unutilized by holder by close of day ahead market timeframe. Consider implications and viability.[1] Transmission customers will continue to be able to fully utilize their OATT rights to modify schedules. Primary objective is to hold customers harmless for intra-day changes.
Transmission Availability	How will CAISO consider utilization of transmission internal the EDAM entity network?	Define how transmission across EDAM entity network is made available, including consideration of any restrictions or limitations. Participating EDAM Entity transmission providers should continue to sell new OATT rights. Evergreen, renewal or extension provisions if available in the OATT should be allowed. Thought is that Bucket 1 and Bucket 2 have been paid for so use them first then use Bucket 3 transfers. Bucket 3 charge existing OATT rate on exports from each BAA.
Timing and Duration	What is the timing and duration that transmission is made available? For each of the buckets: 1. When will the transmission be made available? 2. What is the duration of transmission products made available to EDAM?	Intent is to offer on a day-to-day, day-ahead basis which hours the transmission customer wants to offer its reserved transmission capacity. Expectation is that any unsold transmission capacity would be made available to EDAM. Thought was OATT sales until 9:00 AM; process hold 9:00 AM – 1:00 PM on any OATT requests for transmission service until the market results are posted at 1 PM. Customer can still queue for transmission with the TSP and then use ATC available once market results are available to ensure the transmission is not used in EDAM.

[1] Consideration of such unutilized bucket 2 transmission being made available to EDAM by the close of day ahead market timeframe would only apply to rights obtained after start-up of EDAM, not pre-existing arrangements, and would require, for most transmission service providers, customer-vetted OATT changes and approval by FERC.

	(i.e., annual, monthly, weekly, daily, hourly)	Bucket 1: Required to be made available to EDAM, with the exception of Bucket 1 transmission tied to a self-scheduled resource, which cannot be optimized. Bucket 2: Voluntarily made available in return for congestion rents. Transmission would automatically (?) be made available to the EDAM to the extent it is not scheduled or otherwise utilized by a certain day-ahead timeframe. Need to balance with honoring existing rights and allowing the transmission customer to voluntarily release. Bucket 3: Transmission posted as ATC on OASIS that was not sold on OASIS as of ~~the commencement of the day-ahead market~~ 9:00 AM, would be made available to EDAM for a usage rate. Allow transmission to be available for an extended period of time for CRRs? Change in the OATT timeline; financially binding DA schedule; consistency between resources that qualify as DNR and resources that meet RSE; self-schedules; new settlement charges and allocations all need to be addressed. Timing for transmission to be sold back might need to outlined in OATT – month, yearly, other T-2: Determine which designated resource to undesignated
Transmission Unavailability	What are the consequences of transmission made available to EDAM, but not available in RT? Are there reliability or cost allocation concerns? EIM changes once EDAM is implemented – what are the changes and what are the impacts?	What are the implications on EDAM of transmission that becomes unavailable in RT, whether due to outages, or otherwise? What if the party making transmission available in DA, uses it or otherwise removes availability in RT?
Compensation	How should transmission made available to the EDAM market be compensated?	Transmission revenue is proposed to be collected from the energy settlement and paid to the transmission customer depending upon who provided the transmission (TP or contract holder). Transmission customer would only be compensated if they offered the transmission to the market day-ahead and thereby did not reserve the right to use it themselves. Intent is congestion on the CAISO controlled grid would be allocated via established CAISO mechanisms including congestion revenue allocation.

		In context of bucket 2 transmission: Can bucket 2 transmission be made available at usage rate, or is compensation structure limited to an allocation of congestion rents? Compensation could include an allocation of congestion revenues based on the amount of capacity offered. In context of bucket 3 transmission: Compensation structure for bucket 3 transmission is OATT- rate. External transmission that wheels through will need to be determined for compensation. What is the compensation structure for wheeling through CAISO? The export will still pay the WAC.
Congestion Rent Allocation	How and under what circumstances should congestion rent be allocated between BAAs? How best can the CAISO distribute the congestion rent allocation from BAAs to LSEs and transmission customers?	What is the congestion rent allocation framework supporting EDAM transfers between BAAs and under different scenarios? Consideration: – Split 50/50 – 100% to sending balancing authority (e.g., if Tx made available extends all the way into the sinking balancing area rather than stopping at the midpoint of balancing areas) – 100% retained by CAISO (e.g., if rents associated with intertie schedule constraints at the boundary of the CAISO) Congestion Rent Distribution – Is it reasonable and appropriate for CAISO to distribute congestion rents to EDAM entity, and EDAM entity responsible for allocating rents among its transmission customers? CAISO will continue to maintain its existing CRR rules for allocation, auction and distribution of CRR revenue within its controlled grid.
External Resource Participation	Would EDAM Facilitate Intertie bidding or External Resource Participation (i.e. non-participating resources)?	Consideration of intertie bids or external resource participation in EDAM. Includes: Non-resource specific v. resource specific bids Removal of CAISO scheduling points with EDAM BAAs Maintaining scheduling points with non-EDAM BAAs and EDAM border Maintaining RA import bids (with Mirror System resource) or design RA transfers