Stakeholder Comments Template

Pseudo-Ties of Shared Resources

This template has been created for submission of stakeholder comments on the Issue Paper and Straw Proposal, and the associated May 14 meeting discussion, for the Pseudo-Ties of Shared Resources initiative. The paper, stakeholder meeting presentation, and all information related to this initiative is located on the initiative webpage.

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business **May 29, 2020**.

Submitted by	Organization	Date Submitted
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Please provide your organization's general comments on the following issues and answers to specific requests.

1. **Metering and Telemetry Requirements**

   Please provide your organization's feedback on the metering and telemetry requirements, as described within the issue paper and straw proposal. Please explain your rationale and include examples if applicable.

   Six Cities' Response: The Six Cities are unable to provide substantive comments on metering and telemetry requirements at this time. It is necessary to evaluate the overall impacts of the proposed pseudo-tie framework or an alternative approach for participation of shared resources before attempting to resolve implementation details.

2. **Outage Management and Reporting Requirements**

   Please provide your organization's feedback on the outage management and reporting requirements, as described within the issue paper and straw proposal. Please explain your rationale and include examples if applicable.

   Six Cities' Response: The Six Cities are unable to provide substantive comments on outage management and reporting requirements at this time. It is necessary to evaluate the overall impacts of the proposed pseudo-tie framework or an alternative approach for participation of shared resources before attempting to resolve implementation details.

3. **Treatment of Minimum Load and Start-Up Costs**

Please provide your organization's feedback on the proposed treatment of minimum load and start-up costs, as described within the issue paper and straw proposal. Please explain your rationale and include examples if applicable.

<u>Six Cities' Response:</u> The Six Cities are unable to provide substantive comments on the treatment of minimum load and start-up costs at this time. It is necessary to evaluate the overall impacts of the proposed pseudo-tie framework or an alternative approach for participation of shared resources before attempting to resolve implementation details.

4. **Additional comments**

Please offer any other feedback your organization would like to provide on the issue paper and straw proposal.

<u>Six Cities' Comments:</u> The Six Cities appreciate and support the CAISO's goal of continuing to allow shared resources to participate in the CAISO's markets as the Energy Imbalance Market ("EIM") expands. The Six Cities, however, have a number of questions and concerns with the outline for Pseudo-Ties of Shared Resources as set forth in the Issue Paper and Straw Proposal.

The Six Cities are participants in a number of shared resources located in other balancing authority areas ("BAAs") that have participated in the CAISO's markets for many years under various scheduling arrangements. The Six Cities only recently became aware, through contacts by the CAISO, that the CAISO believes anticipated participation in the EIM by the Los Angeles Department of Water and Power ("LADWP") could create, as described at page 4 of the Issue Paper/Straw Proposal, "conflict with the accounting for energy transfers between balancing authority areas in the EIM . . . ." To address this accounting issue, the CAISO proposes to require portions of shared resources used to serve load in the CAISO BAA to be pseudo-tied to the CAISO. It is not clear to the Six Cities, however, why a pseudo-tie requirement would be the only possible response to the potential accounting issue or why it would be the best response, all things considered. For example, if a conflict in accounting for energy transfers is the core of the problem, couldn't the issue be addressed through *post hoc* accounting adjustments?

The Issue Paper/Straw Proposal does not adequately address many of the concerns associated with the treatment of shared resources located in a host BAA that decides to join the EIM. Specifically, the Six Cities have the following questions:

1. If a BAA joins the EIM, does the BAA joining need to include all of its resources as "participating resources?"
2. Can CAISO participants pursue a pseudo-tie arrangement for a shared resource that is a non-participating resource in an EIM BAA in order to continue to count the resource towards Resource Adequacy and reserve requirements, as it does today?

   If this is not an option, it would significantly limit the amount of RA available and may force self-scheduling resources into the CAISO market. If the option of having the resource as a non-participating resource means that an entity cannot put in a real-time economic bid, it severely limits an entity's ability to run the unit in an economically viable way as well as limits the CAISO's ability to have dispatch flexibility in over-supply and under-supply situations. The CAISO has strongly discouraged self-scheduling for many years, and an entity should not be forced to self-schedule as a result of another entity's choice to designate a resource as non-participating.

3. The Six Cities request clarification on the role of the Protocol Administrator. What agreements are needed between the Protocol Administrator and the CAISO? What agreements, if any, are needed between the Protocol Administrator and other entities (especially if the entities are in a different BAA and own a resource together)? What responsibilities and financial implications may be assumed by or imposed on the Protocol Administrator?
4. The Six Cities request that the CAISO identify all agreements needed to successfully bid resources in the EIM, especially if there is a jointly owned resource shared between CAISO participants and a BAA that joins the EIM.
    a. What is the timing of these agreements?
    b. Who are the agreements between?
    c. Does the ISO have any authority or requirement for approval of these agreements?
5. Can a resource owned jointly by CAISO participants and a BA EIM entity have separate Scheduling Coordinators ('SCs")? If a CAISO EIM participant and existing CAISO participants jointly own a resource, can separate SC's continue to exist?
6. If timing or negotiations preclude a pseudo-tie arrangement between joint/shared ownership projects (where a BAA joins the EIM and has a shared ownership resource as a participating resource) when the BAA joins the EIM, how long can other CAISO participants continue to use dynamic schedules, where the participating resource can continue to count as RA and submit economic bids?
7. Who is obligated for reserves if resources are scheduled via pseudo-tie?
8. How does pseudo-tie differ from a dynamic schedule?

Based on the Issue Paper/Straw Proposal, it does not appear that the CAISO appreciates the complexities and challenges that a pseudo-tie requirement would create. The Issue Paper/Straw Proposal in Section 3 describes the CAISO's expectation that the participants in shared resources will develop among themselves a Shared Resource Allocation Protocol to address matters such as the allocation of financial impacts and risks from pseudo-tie operation, sharing of the impacts of outages in the context of the CAISO's markets, resolution of conflicting dispatch instructions for the different segments of the shared resource that, taken together, may be infeasible, and allocation of the shared resource's costs for purposes of determining minimum load and start-up costs. For some or most of the shared resources in which the Six Cities participate, development of the Shared Resource Allocation Protocol likely would require amendment of existing operating agreements that are complex and, in some cases, have been in place for many years.

Negotiation of a Shared Resource Allocation Protocol and any related amendments to existing contracts for each shared resource is likely to be complicated and time consuming. Especially for governmental entities such as the Six Cities (and LADWP), it will be necessary to obtain approvals from multiple governing authorities. It is completely unrealistic to expect that the process of negotiating and adopting Shared Resource Allocation Protocols could be completed in the timeframe contemplated by the Issue Paper/Straw Proposal. Moreover, the Issue Paper/Straw Proposal appears to presume that all affected participants in shared resources will be successful in reaching agreed-upon terms for pseudo-tie operations, but some participants may not be prepared to depart from existing operating agreements.

The Six Cities are committed to working with the CAISO to develop arrangements that will accommodate both continued participation of the Six Cities' shared resources in the CAISO markets (including through economic bids and provision of Resource Adequacy capacity) and expansion of the EIM. Such arrangements should be financially neutral as to existing market participants; expansion of the EIM should not come at the expense of devaluing the resources of existing market participants. In addition, such arrangements should respect pre-existing contractual commitments and the operating characteristics of shared resources, as the CAISO emphasized in its Transmittal Letter for the Split Resource Participation Agreement for the Sutter Energy Center recently filed in FERC Docket No. ER20-1702-000.[1] The Six Cities are open to further consideration of any alternative approaches for the treatment of shared resources that are consistent with the foregoing principles and developed over a reasonably feasible timeline.

[1] *See* Transmittal Letter in Docket No. ER20-1702 at page 4 ("Any allocation of planned and forced outages between each split resource is necessarily complex because it must account for the operational characteristics and pre-existing contractual obligations associated with the Sutter Energy Center.")