

**Submitted by the Cities of Anaheim, Azusa, Banning, Colton,
Pasadena, and Riverside, California (the "Six Cities")**

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Background:

This document provides an opportunity for interested stakeholders to submit informal comments and perspectives on various topics discussed during the working group process. There is recognition that additional details are needed on these topics that will be developed throughout the initiative, and stakeholders will have opportunities to provide more comprehensive and formalized comments on these topics to the extent these become part of a formal proposal. Please be brief in any written responses to facilitate review, recognizing these represent informal reactions at this early stage.

Please submit your comments using this template to ISOStakeholderAffairs@caiso.com by end of day March 14, 2022.

Question:

For each question please identify whether you "generally support", are "neutral" or "generally oppose" the concepts based on the information discussed in the working groups to date, recognizing that additional detail will be provided through the straw that will allow you to consider the concepts in a more complete light. If desired, please provide additional context and/or identify additional aspects for consideration.

1. Please share your perspective on the transmission "buckets" framework for supporting EDAM transfers.
 - Generally support
 - Neutral
 - Generally oppose

Comments: At this time, the Six Cities take no position on the bucketing structure that the CAISO has proposed. As a general matter, the Six Cities agree with the objective of maximizing the transmission available for use within the EDAM optimization pursuant to just and

reasonable terms that provide comparability between the CAISO and EDAM participants, and the Six Cities also support approaches that provide consistency between the day ahead and real time optimizations.

The CAISO has spent extensive time reviewing the details of this framework and its implications for prospective EDAM entities, and the Six Cities observe that there appears to be a greater understanding among working group participants of this structure now as compared with the initial phases of the working group process. And the working group has provided prospective EDAM entities with opportunities to pose hypotheticals and explain nuances regarding their OATT processes that have generally been constructive. The Six Cities observe that significant working group hours have been spent on ensuring that the rights of transmission customers of EDAM entities are preserved to the extent practicable under the EDAM structure, and that affected parties understand how their rights will operate under EDAM.

At the same time, and as is discussed in response to Question 3 below, the CAISO has spent comparatively little time discussing the implications of this structure on the availability and uses of the CAISO grid, including by internal load-serving entities that have external resources or by external parties who wish to avail themselves of access to CAISO resources through the use of the CAISO transmission system. Without more information that demonstrates the CAISO has meaningfully considered how the buckets interrelate to use of the CAISO system, the Six Cities are unable to support the CAISO's proposed approach and are concerned that impacts to the CAISO grid have not been fully considered. The Six Cities encourage the CAISO to find ways to provide specific examples or otherwise demonstrate that CAISO load serving entities will not only not be harmed, but will benefit from the CAISO's bucketing concepts.

2. Please share your perspective on whether Bucket 2 transmission should, aside from the voluntary nature of it, include use of unscheduled point-to-point transmission to maximize transmission available to EDAM for optimization of transfers.
- Generally support
 - Neutral
 - Generally oppose

Comments: The Six Cities support the use of unscheduled point to point transmission in the optimization. EDAM participants should be prepared to revise their tariffs through appropriate filings at FERC to the extent necessary to effectuate this element of EDAM.

3. Please share your perspective on the concept of the CAISO providing hurdle free transmission in the export direction reciprocal to the amount of hurdle free transmission provided by the adjoining EDAM BAA across the interface to support EDAM transfers and derive mutual benefit.
- Generally support
 - Neutral
 - Generally oppose

Comments: The Six Cities oppose this element of the CAISO's proposals, which has not been adequately evaluated, explained, or discussed during the working group meetings. At this time, the Six Cities are unclear if or at which point in this working group or stakeholder process the CAISO envisions addressing the details of this proposal. Based on the limited information that the CAISO has provided to date, the Six Cities observe that this asymmetrical granting of transfer rights from the CAISO system appears to result in CAISO transmission customers providing cost-free use of the internal CAISO system to EDAM participants. At the same time, the Six Cities do not understand that EDAM participants are proposing to forgo cost recovery from any entities within the CAISO system for the use of EDAM participants' internal systems. Without such a commitment, the CAISO's proposal represents an inappropriate cost shift – i.e., from entities that would otherwise pay the Wheeling Access Charge or “WAC” on their withdrawals from the CAISO grid to CAISO load serving entities, who are responsible for funding the CAISO transmission system through their Transmission Access Charge or “TAC” payments.

While the concept of providing “reciprocal” amounts of hurdle free transmission to effectuate transfers as between EDAM Entities (including the CAISO) sounds superficially appealing – and the Six Cities are pleased to see that the CAISO is not proposing to simply default to making all of its transfer point transmission available for use in the EDAM optimization on a hurdle-free basis – the structure of the CAISO's WAC unfortunately precludes making transmission available for EDAM exports on a hurdle-free basis without also foregoing a contribution to the cost of internal CAISO transmission system capability.

As noted, there has been very little discussion or analysis of the impacts of this proposal to internal CAISO entities. It may be that a more complete and detailed proposal could allay the Cities' concerns and show that CAISO transmission customers will be better off under the CAISO's proposal as compared with the status quo. But at a time when the CAISO is expecting to spend multiple billions of dollars on upgrading the CAISO grid – starting this year – with cost impacts that significantly increase the current TAC, it is not reasonable for the CAISO to waive cost recovery from external parties who use the CAISO transmission system absent reciprocal rate treatment and without clear demonstration that CAISO transmission customers will benefit from this structure.

4. Please share your perspective on the overall transmission compensation framework under the transmission buckets and the associated transfer revenue and congestion rent allocation method discussed:

- A. Congestion rents is associated with internal transmission within the EDAM Entity that is a component of the Locational Marginal Price. Transfer revenue, includes the congestion rent, and is the LMP difference between the import and export transfer. Transfer revenue may also include the hurdle rate depending upon the product.

- Generally support
 Neutral
 Generally oppose

Comments: At this time, and pending continued analysis and review of the EDAM proposal in its entirety (and resolution of the Cities' concerns regarding the use of and compensation for the CAISO transmission system), the Six Cities do not express a firm position on this topic.

- B. Transfer revenue associated with EDAM transfers between EDAM BAAs are generally divided 50/50 between these BAAs.

- Generally support
 Neutral
 Generally oppose

Comments: At this time, and pending continued analysis and review of the EDAM proposal in its entirety (and resolution of the Cities' concerns regarding the use of and compensation for the CAISO transmission system), the Six Cities do not express a firm position on this topic.

- C. Transfer revenue associated with EDAM Transfers across an Intertie Constraint (ITC) at the boundary with the CAISO are allocated 100% to the CAISO or adjoining EDAM BAA depending upon the location of the congestion (if on the CAISO side or the adjoining EDAM BAA side).

- Generally support
 Neutral
 Generally oppose

Comments: At this time, and pending continued analysis and review of the EDAM proposal in its entirety (and resolution of the Cities' concerns regarding the use of and compensation for the CAISO transmission system), the Six Cities do not express a firm position on this topic.

5. Please share your perspective on intertie bidding:

A. Self-schedules should continue to be permitted at the interfaces with the EDAM footprint

- Generally support
- Neutral
- Generally oppose

Comments: The Six Cities agree with continuing to permit self-schedules at the interfaces with the EDAM footprint.

B. Economic bidding is not permitted at interties on the boundary of the EDAM footprint, except at CAISO interties with non-EDAM BAAs.

- Generally support
- Neutral
- Generally oppose

Comments: The Six Cities do not have a position on this topic at this time and request more details on the advantages and disadvantages of this approach.