



California ISO

Extended Day Ahead Market
Working Group 3 Weekly Report

Week 1 Report
1/3/22 – 1/7/22

Progress Tracker

Topic	Schedule
Accounting: GHG Compliance Area(s)	
Boundaries (State, GHG Compliance Areas, BAA, LSE, International?)	
Implications for BAA spanning multiple states	
Impacts to EIM	
Rules that need to be established for renewable resource dispatch in/out of a GHG zone	
Accounting: Availability	
Rules for availability to serve load in GHG compliance area	
Resource schedules that could inform capacity available to support transfers with a GHG compliance area	
Market Optimization	
Are we optimizing Carbon prices? RPS/CES?	
Types of pricing : carbon pricing, clean energy/renewable	
Transactions; Generator emissions covered, Delivered emissions covered	
Accounting: Emissions rate attribution	
Resource specific, Unspecified	
Transactions/jurisdictions; Generator emissions covered, Delivered emissions covered	
Determining emissions rate attribution with different participation options	
Costs: Compliance	
How should GHG costs be calculated?	
How should GHG costs be reflected?	
How should GHG costs be reflected across GHG compliance areas?	
How are reference level (DEBs and proxy costs) calculated? And how are they used in market power mitigation?	
Costs: Settlements	
What implications of GHG settlement must be incorporated into EDAM design?	
Costs: Compliance	
Should GHG compliance costs be recovered by a Scheduling Coordinator at a resource specific or marginal resource specific level?	
Market Efficiency: EIM (roll over to real Time)	
What allowable changes to either GHG quantity or bid price between DA and RT should be allowed?	

What are the associated settlement impacts to any variation allowed?	
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Accounting: Market Results

What type of information and at what granularity: Settlements	
What type of information and at what granularity: State reporting	

Renewable Energy Certificates (RECs)

How can EDAM design best interact with current Renewable Portfolio Standards (RPS) and RECs accounting practices?	
What is the interplay of e-Tags used to track RECs vs. the role of e-Tags in EDAM and what is an appropriate interplay?	
What REC impacts may there be when it comes to EDAM intertie bidding and scheduling points?	

Costs: Bidding to serve demand in the GHG compliance are

How should RPS costs be calculated?	
How should RPS costs be reflected?	
How should RPS costs be reflected across compliance areas?	
How are reference level (DEBs and proxy costs) calculated? And how are they used in market power mitigation?	

Weekly Discussion

January 4

Scope Items Discussed: Review principles and scope items

Presenters: Kevin Head

Discussion:

A brief market overview and GHG background was presented by the facilitator, followed by a summary of the GHG related design Principles. The remainder of the time was spent reviewing the WG#3 scope items, with revisions made to the scope document in real time.

In the Design Principles discussion, multiple participants offered comments, including:

- Factor in regional gas price indexes (request to add as a scope item)
- Principles should include linking different state programs
- Add for discussion whether (or not) EDAM shall cross country boundary (to Canada)
- The Principles should cover flexibility to respond to future GHG policies
- The Principles should include (i) don't let perfect be enemy of the good, and (ii) try not to re-invent the wheel; focus on incremental improvements (to EIM)
- Principles should include : focus on simplicity and technical feasibility

For the review of GHG Scope Items, the initial list published in December 2021 was reorganized into 2 topic areas ("buckets"); (1) EDAM Market Optimization and (2) Carbon intensity reporting. Discussion of these items included:

- Clarifying the defining some key terminology items
- Suggestion to spend time in this WG to establish a set of design objectives, at a level between the Design Principles and the Scope items.
- Various Scope Items were briefly discussed at a technical level, for the purpose of clarifying the language in the Scope items document

Conclusion:

After discussion of the various scope topics, there were modifications and additions to the Scope items. The updated red-lined Scope items document is posted.

There was an agreement to include a discussion at the next WG session to establish GHG Design Objectives, at a detail level higher than the Scope items but lower than the Principles.

The scheduling order (for discussion) of the scope items did not receive much discussion or modification.

January 6

Scope Items Discussed: Overview of Potential Market Optimization Approaches and WG#3 Design Objectives

Presenters: Kevin Head

Discussion:

The objectives of this meeting is to (i) review potential market optimization approaches to the GHG design concepts, and (ii) establish a list of Design Objectives that can be used as a basis for the more detailed technical design discussions.

The discussion following Kevin’s overview presentation on potential optimization approaches focused mainly on the resource-specific versus “unspecified” attribution differences. Many of the challenges related to treatment in the optimization between resources within and outside of GHG Compliance Areas were raised. The objective of this discussion was not to enter into the design discussion on these complicated topics, but rather capture the concerns and scope that will be discussed in the upcoming WG sessions. Challenges raised included:

- How to avoid disadvantaging resources in the optimization
- Need to consider the scenario of multiple GHG Areas (resource in GHG area #1 serving load in GHG Area #2, for example)
- How transfer capacities and resource base schedules apply to inter-Area optimization
- Interface(s) between Compliance Areas should align with the Transmission interfaces being discussed in the Transmission EDAM WG
- For the Unspecified approach, how to meet reporting requirements? Deal with Start-up and Min Load costs?

Six initial Design Objectives were proposed for discussion:

1. No inappropriate or unacceptable GHG impact in non-GHG zone
2. Leakage should be minimized
3. Enable similarly situated resources in non-GHG zone to compete on a level playing field with resources inside GHG zone
4. Do not inadvertently undermine RPS policies
5. Allow for market efficiency
6. Technical feasibility

There was good discussion on these Design Objectives. Comments and revisions were captured in real-time, and the red-lined version is posted in the EDAM Initiative WG#3 webpage.

Conclusion:

The discussion on potential optimization approaches identified the key challenges that will be discussed in the upcoming detailed design WG sessions. The proposed WG#3 Design Objectives discussion yielded significant modifications and clarifications to the initial proposed items. However, this discussion did not fully conclude, and will be continued in the next WG#3 session. The red-lined Design Objectives paper is posted.