

**Comments of Powerex Corp. on
Extended Day-Ahead Market
Revised Draft Tariff Language**

| Submitted by | Company | Date Submitted |
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Powerex submits the following comments on the CAISO’s June 8, 2023 Revised Draft Tariff language for the Extended Day-Ahead Market (“EDAM”). The Revised Draft Tariff language continues to pursue an unacceptable approach for EDAM to use Firm transmission rights held by transmission customers of participating Transmission Service Providers (“TSPs”). A long-standing and bedrock principle of the OATT framework is that Firm transmission rights that have not been scheduled by the rights-holder may be made available for use by others, but strictly as lower-priority, non-Firm service. When this occurs, the transmission customer that holds Firm rights continues to have the ability to use those rights, up to and through the delivery hour, in which case schedules on lower-priority rights may be limited and/or curtailed.

The Revised Draft Tariff language violates this fundamental element of the OATT framework. Specifically, Firm OATT rights unscheduled prior to the day-ahead market will be available to support EDAM Transfers, but those EDAM Transfers will *not* have lower priority than deliveries using the original Firm OATT rights. Instead, EDAM Transfers on unscheduled Firm rights will have *equal* priority to flow as deliveries that are scheduled outside of EDAM by the transmission customer that invested in Firm OATT service. In effect, ***the Revised Draft Tariff language proposes to use unscheduled Firm OATT rights as Firm service, rather than as non-Firm service.***

When a path is over-scheduled, and redispatch through EDAM and/or EIM is not able to allow all schedules to flow, reductions or curtailments of those schedules will be required. Regardless of *which particular schedules* are curtailed—and which schedules are able to flow—the same quantity of power will flow across the transmission constraint, with the same total generation upstream of the constraint and the same total load being served downstream of it. The selection of which particular schedules are curtailed is therefore not supported by arguments of regional reliability, efficient dispatch, or environmental goals.

What the Revised Draft Tariff does attempt to do is change ***who bears the consequences*** when transmission limitations restrict the amount of power that can be delivered to different customers downstream of that constraint. Simply stated, the Revised Draft Tariff Language attempts to ensure that as much of that power as possible is delivered to the load located in the EDAM footprint (including the CAISO BAA), including by shifting the risk of load curtailments onto customers that have invested in Firm OATT service who are seeking to use it to serve load outside of the EDAM area.

The CAISO’s approach for EDAM is in contrast with the Western EIM, which also utilizes Firm capacity that has not been scheduled by the Firm transmission customer prior to the market run

but recognizes that any EIM Transfers relying on this capacity have lower priority. If the transmission customer holding the Firm rights subsequently schedules on those rights, it is recognized that the EIM Transfers may need to be reduced.

The Revised Draft Tariff language is also in contrast with the CAISO's Initial Proposal for EDAM, in which unscheduled Firm OATT capacity was not made available for EDAM Transfers at all. The Initial Proposal would support EDAM Transfers only with Firm OATT transmission that was affirmatively and voluntarily made available for optimization in EDAM by the rightsholder¹.

Powerex believes the Revised Draft Tariff must be modified to avoid violating OATT principles and upholding the scheduling priority of Firm OATT service. Potential solutions include:

- Continue to make unscheduled Firm OATT rights available to support EDAM Transfers but recognize that the quantity of EDAM Transfers on unscheduled Firm rights has lower priority and may need to be reduced in real-time. This may require physical resources to be committed or positioned day-ahead to ensure a feasible solution is available if the EDAM Transfers relying on non-Firm transmission are, in fact, reduced. Powerex believes this is the preferred approach, as it continues to enable maximum efficient utilization of transmission capability in EDAM, while upholding OATT priority.
- Revert to the CAISO's Initial Proposal for EDAM, in which only unsold Firm ATC or Firm rights affirmatively and voluntarily made available by the rightsholder are available to support EDAM Transfers.
- Make no change to the proposal for how transmission is made available to EDAM or to the scheduling priority of EDAM Transfers but afford transmission customers that hold Firm OATT rights the unqualified option to have those rights "carved out" from use in EDAM. Powerex does not believe this approach is desirable, but it is the minimum required to protect Firm OATT rights if the CAISO continues to pursue its current direction.

Each of these potential solutions will ensure that EDAM does not deprive entities that invest in Firm OATT rights the priority to deliver power in real time. The ability to rely on this priority:

- 1) Underpins the equitable funding of existing transmission service in the west, by encouraging third party users of the transmission system to invest in long-term Firm OATT rights;
- 2) Is vital to achieving the extensive transmission upgrades and expansion necessary in the region, as the priority of flow afforded to Firm OATT rights is a key value item that drives long-term investment in existing and new transmission service under the OATT framework; and
- 3) Is the basis for arrangements and programs (including WRAP) that protect reliability by ensuring the deliverability of resources to load with a high degree of confidence.

¹ CAISO's initial proposal for EDAM was also, appropriately, able to use Firm OATT transmission capacity that was not yet sold to anyone.