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Robert Kondziolka, Chair
Western Energy Imbalance Market Governing Body

Mary Leslie, Chair
Board of Governors
California ISO

Dear Chairs Kondziolka and Leslie,

Salt River Project Agricultural Improvement and Power District (SRP) and Tucson Electric Power (TEP) are submitting this letter to share perspectives on the Extended Day-Ahead Market (EDAM) final proposal, which is expected to be a decision item on the agenda for your February 1 Joint Meeting.

SRP and TEP strongly support development of a western day-ahead market and were active participants in the EDAM initiative process. Throughout the process, stakeholders worked through complicated topics and in most cases reached positions that are fair and equitable to both potential participants and non-participants. However, SRP and TEP have unresolved concerns with the final proposal that will affect each entity's decision on joining EDAM and the timing of a decision. To mitigate these concerns, SRP and TEP request that the Western

Energy Imbalance Market (WEIM) Governing Body and the CAISO Board of Governors require CAISO staff to propose a timeline for addressing the issues described below.

Tools for Managing Gas Resources

Managing gas resources with the tools available in the Western Energy Imbalance Market (WEIM) is a current challenge for SRP and TEP. As identified in WECC's 2020 [Reliability Implications of Expanding the EIM to Include Day-Ahead Market Services: A Qualitative Assessment](#), this challenge would become greater in EDAM due to the timing difference in the gas day versus electric day, as well as the nature of complete optimization of resources rather than just incremental changes from a base schedule.

SRP and TEP's comments on the EDAM proposal iterations, as well as comments of other stakeholders¹, included requests for additional tools to manage gas resources. The CAISO acknowledged stakeholder concerns but responded that entities currently participating in the CAISO's day-ahead market have navigated similar challenges through internal procedural adjustments. Due to differences between the gas system in the desert southwest and that in California, including the lack of gas storage and limited same day gas supply liquidity, the desert southwest entities would not be able to manage gas in the same ways California entities do.

The CAISO suggested it remains open to future enhancements to address these concerns but did not commit to specific enhancements or provide a timeframe for enhancements. The lack of tools to manage gas resources is a significant concern for SRP and TEP that will strongly influence the decision regarding EDAM participation.

Respecting Priority of Western Resource Adequacy Program (WRAP) Transactions

As a participant in Western Power Pool's WRAP, SRP is concerned with EDAM's proposed pro rata curtailment of firm/conditional firm transmission and EDAM transfers. As Powerex presented during the January 18, 2023 WEIM Regional Issues Forum (RIF), WRAP relies on NERC priority 6 and 7 transmission rights being respected as the highest priority use to ensure deliverability of WRAP supply. The CAISO's proposed pro rata curtailment of firm/conditional firm transmission and EDAM transfers could affect reliability for both EDAM participants and non-participants. SRP believes it is important to reliability that firm/conditional firm Open Access

¹ NV Energy November 11, 2022 [comments](#) on EDAM draft final proposal and September 26, 2022 [comments](#) on EDAM Revised Straw Proposal, Arizona Public Service September 26, 2022 [comments](#) on EDAM Revised Straw Proposal, and Puget Sound Energy September 26 2022 [comments](#) on EDAM Revised Straw Proposal.

Transmission Tariff (OATT) rights scheduled by 9:00 a.m. day-ahead be assigned highest priority, ahead of EDAM transfers without transmission reserved.

No Common Resource Adequacy (RA) Framework

SRP and TEP do not believe a daily Resource Sufficiency Evaluation (RSE) will resolve the issue of different resource adequacy (RA) programs having different criteria for what counts as an RA resource. WEIM experience has demonstrated that entities may pass RSE while being in an Energy Emergency. A market design with common criteria for RA resources would eliminate the need for RSE and the complexity it adds to the market. The CAISO's *Summer Market Performance Report Sept 2022* (CAISO, November 2, 2022) documents that flaws in the RSE may not be recognized until the CAISO experiences and analyzes an extreme event. Through analysis of the September 2022 heat event, the CAISO identified six distinct market and software issues (pages 170-171). SRP and TEP believe that minimizing the complexity of market design through common RA criteria would decrease the occurrence of such flaws.

Fast Start Pricing

SRP and TEP support the CAISO's consideration of Fast Start Pricing through the Price Formation Initiative. SRP and TEP encourage the CAISO to prioritize this initiative and incorporate the resulting policies into EDAM expeditiously.

WEIM Support

SRP and TEP are concerned about ongoing efforts to establish EDAM affecting the CAISO's availability of resources to support WEIM. It is critical that the CAISO focus on addressing ongoing software issues and new initiatives in the WEIM, while also developing the new market. In earlier comments, SRP and TEP requested that the CAISO work with stakeholders to determine appropriate priorities for both markets and that the CAISO provide more details on how it plans to support both WEIM and EDAM. SRP and TEP are hopeful that the WEIM Governance Review Committee's (GRC) recommendation for the RIF to host a roundtable discussion at the beginning of the CAISO's process for prioritizing discretionary initiatives for the policy roadmap will partially address concerns but request assistance from the WEIM Governing Body and CAISO Board of Governors to ensure CAISO staff dedicate adequate resources to

WEIM. Opportunities for the WEIM Governing Body and CAISO Board of Governors to support WEIM entities include:

- Requesting a Resources Report that outlines a staffing plan for responding to ongoing WEIM needs in a timely manner while developing/implementing EDAM and identifies potential resource gaps and risks.
- Tracking staff response and resolution times for WEIM software variances and defects to ensure timely solutions and resolution of issues.

Governance

SRP and TEP appreciate the efforts of the GRC and support the final recommendations as a step in the right direction. SRP and TEP acknowledge that additional governance changes will be necessary if the CAISO's multi-state services expand beyond WEIM and EDAM.

Thank you for your attention to the above-mentioned matters, which are critical to SRP and TEP, and the satisfactory resolution of which affects each entity's decision on whether it can join EDAM. To that end, SRP and TEP respectfully request that the WEIM Governing Body and the CAISO Board of Governors require CAISO staff to propose a timeline for addressing these issues.

Sincerely,



Josh Robertson

Blake Pederson

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