

# Comments on Working Group for DAME/EDAM Configurable Parameters Session 2 - December 11, 2024

## Department of Market Monitoring

January 13, 2025

### Summary

The Department of Market Monitoring (DMM) appreciates the opportunity to comment on the *Working group for DAME/EDAM configurable parameters – Session 2*.<sup>1</sup> This working group meeting focused on providing responses to stakeholder comments from the first working group session, and an updated working group plan and timeline.

DMM supports the ISO's newly proposed timeline and additional planned working group meetings, and DMM appreciates the ISO's consideration of DMM's suggestions to enhance evaluation of the envelope constraint multipliers. DMM continues to recommend that the ISO undertake and engage stakeholders in additional analysis of the configurable parameters using actual market data and bids after go-live. DMM does not believe any stakeholder process to raise the \$55/MWh imbalance demand curve cap and default capacity bid cap should be initiated as the result of this working group process, particularly if these parameters are not tested with realistic market data.

### Comments

In DMM's earlier comments on the first working group session, DMM expressed concern about the ISO's proposed timeline for these working groups, and the lack of sufficient opportunities for stakeholder engagement before 2026.<sup>2</sup> DMM noted that holding additional meetings and opportunities for stakeholder engagement before 2026 may be necessary to meet commitments made by the ISO at the Board of Governors and Western EIM Governing Body meetings in May 2023.<sup>3</sup> The ISO addressed these concerns in the latest working group meeting, proposing to start working group meetings earlier than initially proposed, with a kickoff in August 2025 and monthly working group meetings to be held starting in October 2025. DMM supports this newly proposed timeline, and appreciates the ISO adding multiple additional opportunities for stakeholder input on the development of configurable parameters in parallel with the market simulation process.

DMM also noted in earlier comments that any analysis conducted from the market simulation process is not likely to reflect actual bidding information, and may not produce realistic results.<sup>4</sup> In the most recent working group meeting, the ISO acknowledged this limitation and noted the need to balance that

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<sup>1</sup> *Working group for DAME/EDAM configurable parameters – Session 2*, California ISO, December 11, 2024: <https://stakeholdercenter.caiso.com/InitiativeDocuments/Presentation-Day-Ahead-Market-Enhancements-Configurable-Parameters-Implementation-Working-Group-Dec-11-2024.pdf>

<sup>2</sup> *Comments on Day-Ahead Market Enhancements Configurable Parameters Implementation Working Group – August 7, 2024*, Department of Market Monitoring, September 4, 2024: <https://www.caiso.com/documents/dmm-comments-on-dame-configurable-parameters-aug-07-2024-working-group-sep-04-2024.pdf>

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

limitation with the need to assess the configurable parameters and related functionality. The ISO further stated that since actual market results would be highly dependent on bid values submitted by participants, it would be prudent to continue monitoring parameters after DAME and EDAM go live.<sup>5</sup>

DMM agrees with this, and reiterates the earlier recommendation that the ISO undertake and engage stakeholders in additional analysis of the configurable parameters using actual market data and bids after go-live. Further, with regard to the \$55/MWh value for the imbalance reserve demand curve cap and default capacity bid cap, DMM does not believe any stakeholder process to raise these tariff established values should be initiated as the result of this working group, particularly if the parameters are not tested with realistic market data.

Finally, DMM previously noted that in the first working group meeting, the ISO had not mentioned testing the appropriateness of the envelope constraint multipliers in RUC, and the sufficiency of storage resource state-of-charge (SOC) to meet reliability capacity awards. DMM also noted that the appropriateness of any given value of the envelope constraint multipliers may vary depending on the overall expected level of divergence between the day-ahead and real-time SOC, and that the ISO may need to consider testing performance of multiplier values under different assumptions of day-ahead and real time SOC divergence.<sup>6</sup> In the ISO's written response to DMM's earlier comments, the ISO acknowledged these suggestions and indicated that they would be taken into account in the evaluation of the configurable parameters.<sup>7</sup> DMM believes consideration of these points will strengthen the ISO's analysis of the envelope constraint multipliers.

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<sup>5</sup> *ISO Responses to Aug 07, 2024 Stakeholder Comments - Day-Ahead Market Enhancements Configurable Parameters Implementation Working Group - Dec 11, 2024*, California ISO, December 11, 2024, pg. 6: <https://stakeholdercenter.caiso.com/InitiativeDocuments/ISO-Responses-to-Aug-07-2024-Stakeholder-Comments-Day-Ahead-Market-Enhancements-Configurable-Parameters-Implementation-Working-Group-Dec-11-2024.pdf>

<sup>6</sup> *Comments on Day-Ahead Market Enhancements Configurable Parameters Implementation Working Group – August 7, 2024*, Department of Market Monitoring, September 4, 2024: <https://www.caiso.com/documents/dmm-comments-on-dame-configurable-parameters-aug-07-2024-working-group-sep-04-2024.pdf>

<sup>7</sup> *ISO Responses to Aug 07, 2024 Stakeholder Comments - Day-Ahead Market Enhancements Configurable Parameters Implementation Working Group - Dec 11, 2024*, California ISO, December 11, 2024, pg. 8: <https://stakeholdercenter.caiso.com/InitiativeDocuments/ISO-Responses-to-Aug-07-2024-Stakeholder-Comments-Day-Ahead-Market-Enhancements-Configurable-Parameters-Implementation-Working-Group-Dec-11-2024.pdf>