



California ISO

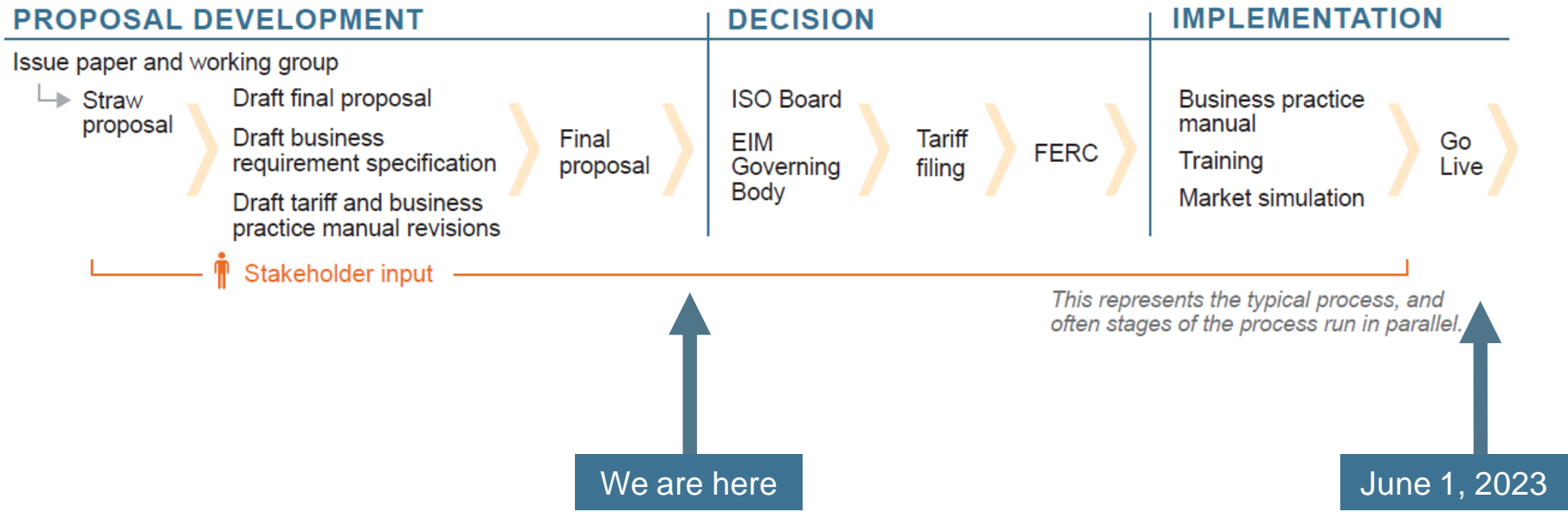
WEIM Resource Sufficiency Evaluation Enhancements – Phase 2 Revised Final Proposal

Danny Johnson – Market Infrastructure Policy
November 07, 2022

Agenda

Topic	Presenter
Welcome and stakeholder process	Brenda Corona
Assistance energy background and updates to proposal	Danny Johnson
EIM Classification and Next Steps	Brenda Corona

Stakeholder Process



STAKEHOLDER RESPONSE ON THE ASSISTANCE ENERGY DESIGN

Stakeholders raised concerns with the assistance energy design for opposing reasons

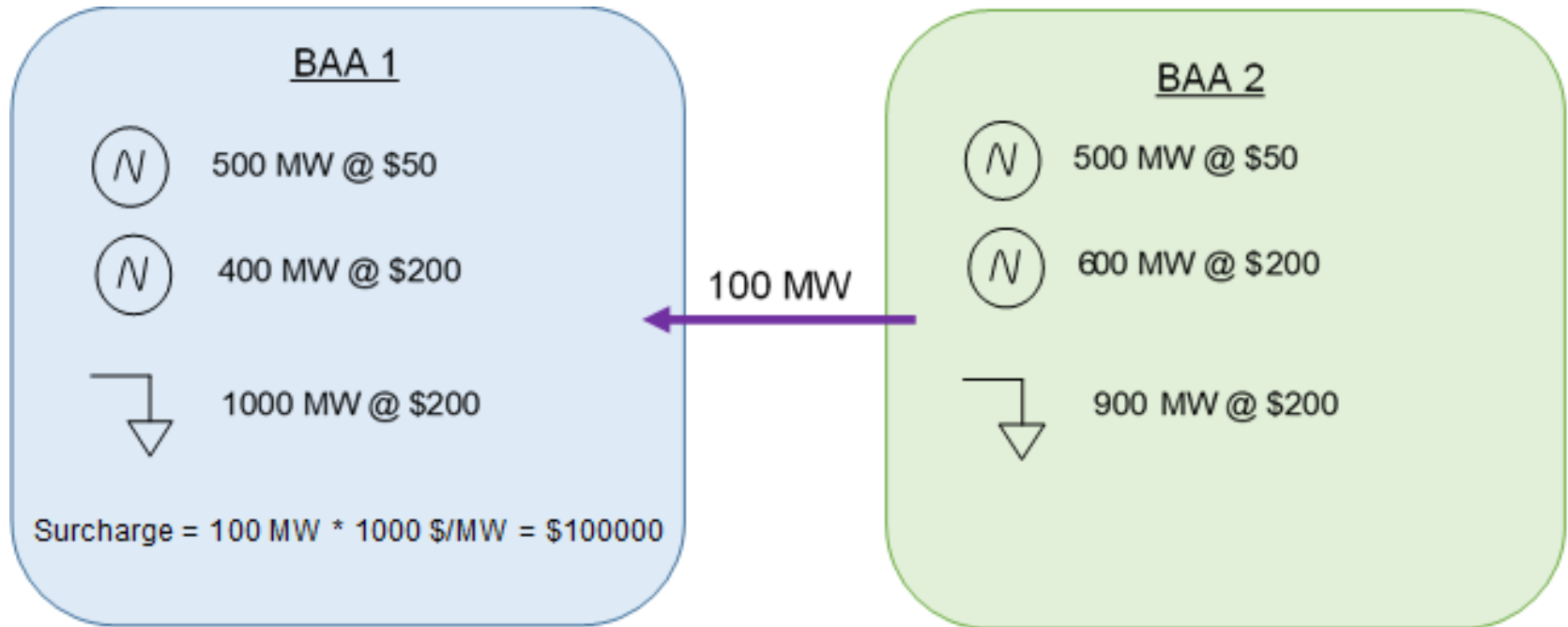
- Some stakeholders opposed the proposal due to the potential for assistance energy to have pricing impacts on all real-time imbalance energy
 - Asymmetry concerns that the CAISO BAA's real-time imbalance energy is calculated off day-ahead schedules, as compared to the base schedules used by WEIM BAA's
- Other stakeholders supported the design but opposed the ability for a BAA to opt-out from receiving assistance energy transfers
- The MSC raised design concerns regarding significant, potentially undesirable pricing impacts, due to spurious failures during non-stressed system conditions

CHANGES TO THE PROPOSAL – ASSISTANCE ENERGY

The proposal is to allow assistance energy transfers into a BAA that has failed the WEIM RSE with an ex post penalty

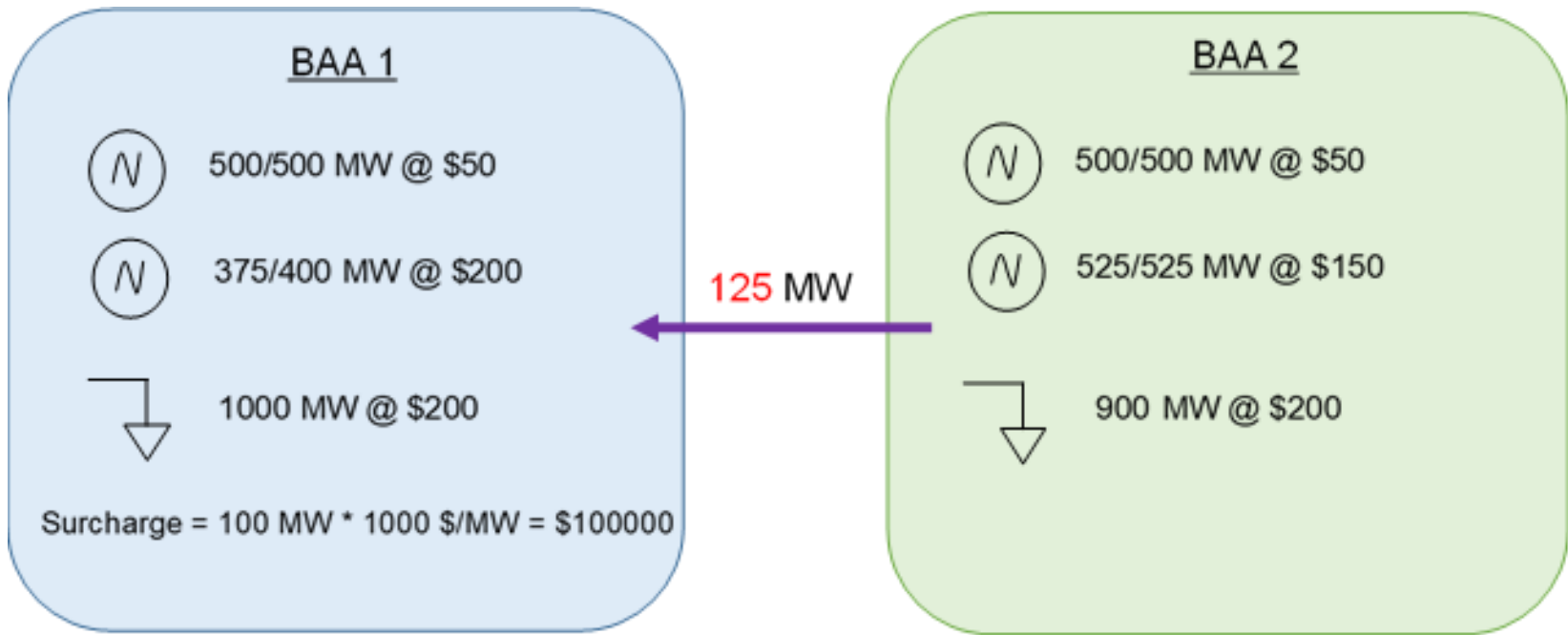
- Each WEIM BAA will have the option to receive additional transfers following a failure of the WEIM capacity of flexible ramping sufficiency test
 - Ex post price will be \$1000/MWh or \$2000/MWh
- Ex post price will be applied to the minimum of the quantity of capacity or flexible ramping sufficiency failure **or** the dynamic WEIM transfers that are tagged
 - Absent the price being in the market dynamic WEIM transfers due to economic displacement can still occur; this rule is intended to bound that inadvertent ex post exposure
- Interim measure once effective
- Charge for assistance energy per OATT; for CAISO to measured demand

Simple example of proposed design



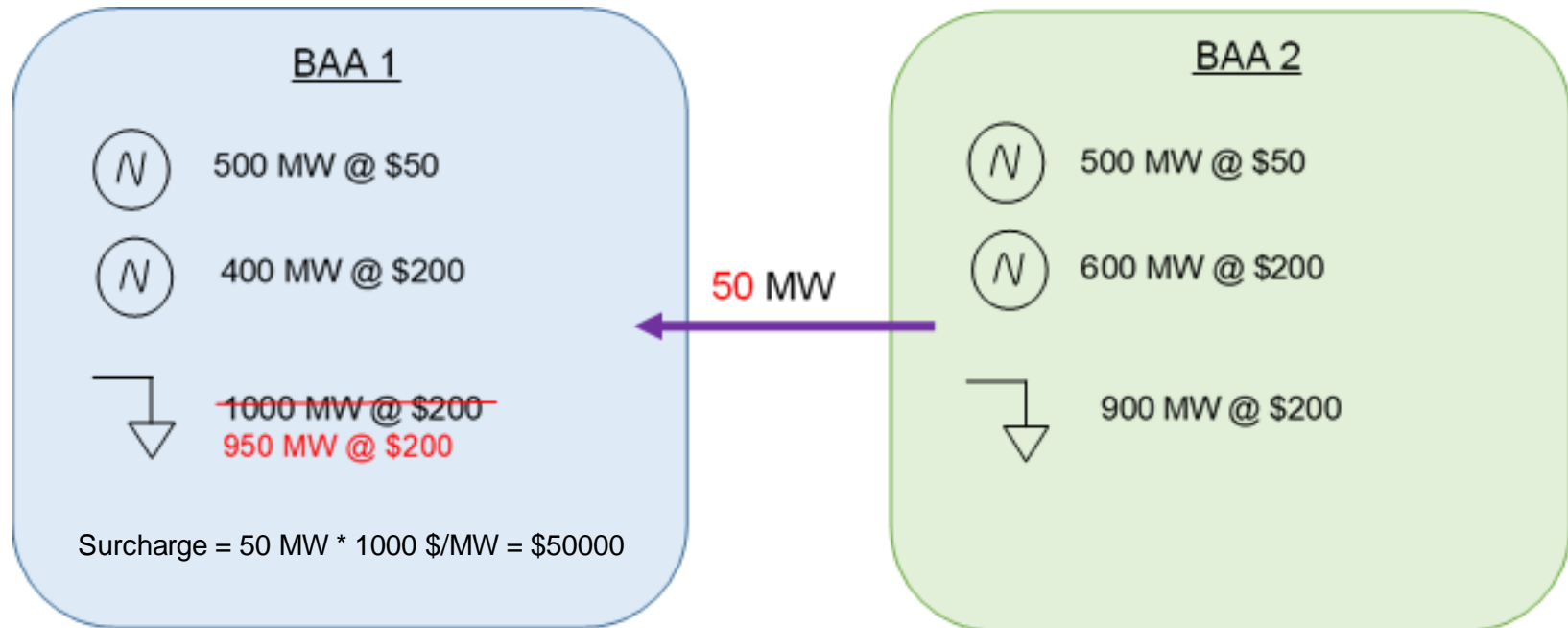
- No economic displacement occurs. 100 MW of WEIM transfers cure deficiency and a exposed to ex post price

Economic displacement occurs under proposed design



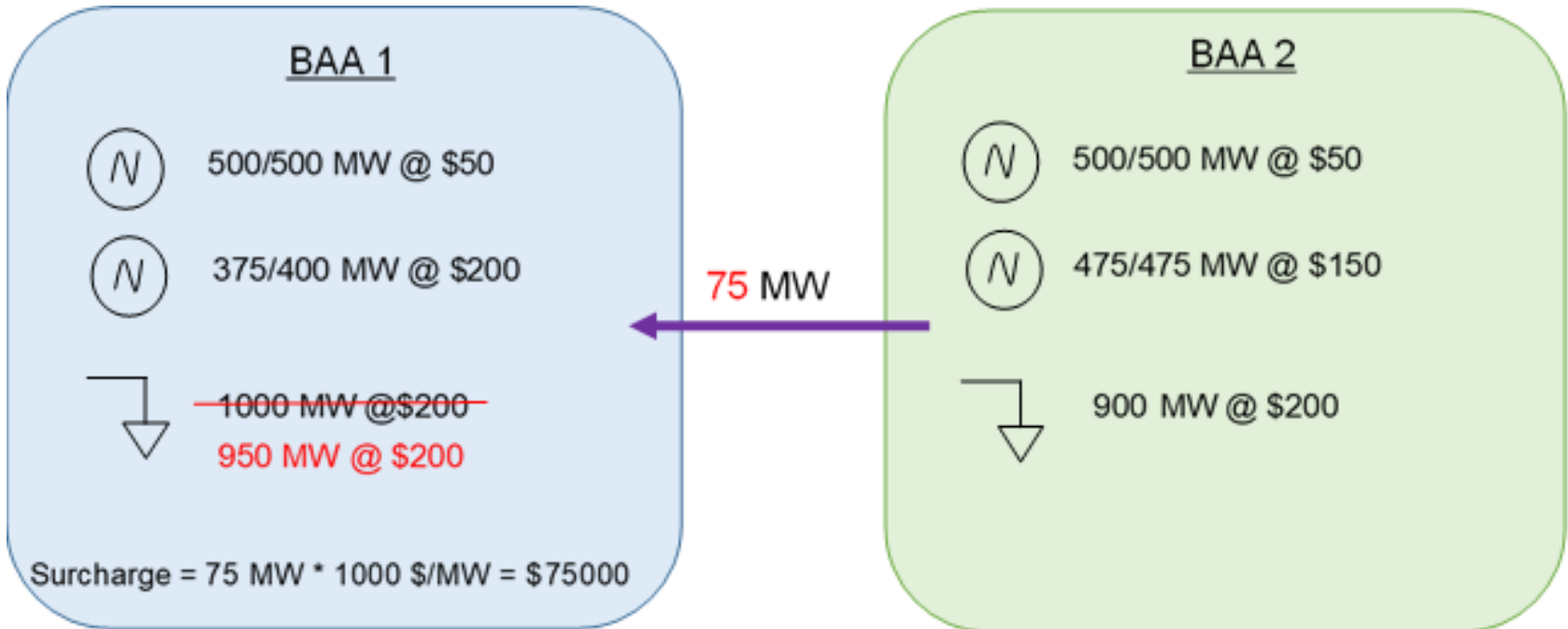
- 25 MW economic displacement occurs resulting in 125 MW of transfers
 - Min function ensures only 100 MW failure identified in the RSE is exposed to the ex post price

System conditions improve between WEIM RSE and RTD dispatch under proposed design



- 50 MW of WEIM transfers are needed to cure insufficiency due to improved system conditions
 - Min function ensures only 50 MW RTD transfers are exposed to the ex post price

System conditions improve but economic displace occurs under proposed design



- 75 MW of WEIM transfers occur, 50 are needed to cure insufficiency due but 25 result from economic displacement
 - Min function ensures only 75 MW RTD transfers are exposed to the ex post price

Not modeling the consequences in the market has the potential to lead to inaccurate application of the consequence

- Given the potential for in-accurate application of the penalty the proposal to ensure BAA's remain able to decide if they would like to utilize the functionality
 - More limited price signal may address stakeholder concerns regarding functionality that will not be widely adopted
- Propose to provide optionality if a WEIM BAA would like their available balancing capacity (ABC) to be considered as a credit to reduce the volume of WEIM transfers exposed to the surcharge
 - BAA optionality is appropriate as this capacity may be reserved as part of AS obligations
 - Presents ability for WEIM BAA to mitigate exposure to ex post consequence during normal conditions

NEXT STEPS

EIM Decisional Classification

- The CAISO is proposing Joint Authority for all elements of the proposal with the exception of the changes to the lower priority export tagging rules
 - The proposed LPT tagging would change the rules about how to tag exports from the CAISO balancing authority area, and are not applicable to WEIM participants in their capacity as WEIM participants
 - The CAISO views the proposed changes to the tagging rules as severable for the remainder of the proposal

Proposed Schedule



Date	Milestone
November 07, 2022	Stakeholder call on Revised Final Proposal
November 15, 2022	Comments Due on the Revised Final Proposal
December 15, 2022	Decision at Joint Governance Meeting
June 1, 2023	Implementation

Comments

- All related information for the WEIM RSEE Phase 2 initiative is available at:
<https://stakeholdercenter.caiso.com/StakeholderInitiatives/EIM-resource-sufficiency-evaluation-enhancements>
- Please submit stakeholder written comments on today's discussion and the WEIM RSEE Phase 2 straw proposal by November 15, 2022, through the ISO's commenting tool
 - The commenting tool is located on the Stakeholder Initiatives landing page (click on the “commenting tool” icon):
<https://stakeholdercenter.caiso.com/StakeholderInitiatives>