



California ISO

# Resource Sufficiency Evaluation Enhancements Phase 1 - Emergency Actions Criteria Workshop

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RSEE Phase 1 attempted to design a backstop to prevent continued participation during mutually agreed upon instances of resource insufficiency

- In an attempt to reduce the complexity of the RSE, a BAA may not fail the capacity or flexible ramping tests during all potential instances of resource insufficiency
  - Phase 1 enhancements will significantly reduce this possibility
- Stakeholder comments during RSEE Phase 1 indicate a diverse set of opinions regarding what constitutes, and is an appropriate metric for resource insufficiency
  - Based on these comments the CAISO has observed three potential design options

The CAISO originally proposed the backstop be agreed upon emergency operator actions that correspond to resource insufficiency

- There appeared to be stakeholder agreement that dispatching reserves as energy while utilizing firm load as reserves constituted resource insufficiency

### Pros:

- Would include actions stakeholders correlate to resource insufficiency
- Maintains a separation between the ability to participate in a voluntary market and reliability coordinator function

### Cons:

- All actions that correspond to resource insufficiency may not be identified at the time of implementation

# Stakeholders raised the concept of utilizing the NERC EEA classifications as pre-defined metrics

- Both an EEA 2 and an EEA 3 were offered as options

## *EEA 2 — Load management procedures in effect*

- *The Balancing Authority is no longer able to provide its expected energy requirements and is an energy deficient Balancing Authority.*
- *An energy deficient Balancing Authority has implemented its Operating Plan(s) to mitigate Emergencies.*
- *An energy deficient Balancing Authority is still able to maintain minimum Contingency Reserve requirements.*

## *EEA 3 — Firm Load interruption is imminent or in progress*

- *The energy deficient Balancing Authority is unable to meet minimum Contingency Reserve requirements*

# Implications of using a NERC definition

## EEA 2

### Pros

- Standardized definition

### Cons

- May limit EIM participation when load management procedures are in effect; to the extent these are tied to EEA declarations (CAISO RDRR)
- Is freezing transfers in an emergency situation reasonable?

## EEA 3

### Pros

- Standardized definition

### Cons

- Is freezing transfers in an emergency situation reasonable?

## Other stakeholders have opposed this concept if not considered in conjunction with financial failure consequences

- The RSE is currently designed to not allow a BAA to cure a RT energy shortfall through the capacity of other BAA's (leaning)
  - The additional capacity in the footprint is procured bilaterally through emergency energy assistance rather than a centrally cleared market
- Phase 2 will consider updating this paradigm

### Pros:

- Allows compensation through the WEIM for emergency energy
- Lowers reliability risk created by curing energy deficiencies through emergency bilateral procurement

### Cons:

- For the reasons the consideration of financial consequences were deferred to Phase 2, consequence funding and revenue allocation may require significant policy development
- Potential to lead to disincentives to procure sufficient forward capacity

# The CAISO has limited ability to implement a backstop prior to the summer of 2022

- The BRS for Phase 1 will include the ability for WEIM BAA's to notify the CAISO of resource insufficiency
  - Implementation will allow for the limitation of incremental WEIM transfer following this notification
  - Functionality will allow the insufficiency period to be declared with start/end times that can be updated by BAA operators