

Allocation of Surcharges for RSE Failures: Framework for a Long-Term Solution

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Objectives for Long-Term Allocation Methodology

- ▶ Assign responsibility for surcharges as closely as possible to cost causation by aligning surcharge allocations with actions or inactions that contribute to failures of RSE tests
- ▶ Avoid imposing undue burdens or excessive complexity in implementation approaches
- ▶ Design implementation approaches that would be adaptable as necessary to reflect revisions in elements of the RSE tests

Proposed Framework

- ▶ Two tier allocation method, applied after-the-fact to surcharges for hours in which the CAISO failed any EDAM RSE test
- ▶ Tier 1 allocated to Scheduling Coordinators for Load Serving Entities and/or Exports counted as CAISO BAA obligations in applying the RSE test that failed to offer RSE-eligible supply equal to or greater than metered demand or scheduled exports in proportion to each such SC's supply shortfall
- ▶ Tier 2 allocated to metered Demand and exports
- ▶ To reduce burden and complexity, could consider adopting a threshold surcharge amount for triggering Tier 1 allocation

RSE-Eligible Supply

Based on types of supply counted in the application of RSE tests

Would include all such supply bid into the hour in which the CAISO BAA failed any RSE test

Not required to have cleared the Day-Ahead Market for the hour in which RSE failure occurred or to have been dispatched in Real-Time

Implementation Tasks

- ▶ Develop tool or method for identifying SCs that are:
 - ▶ Responsible for serving load within the CAISO
 - ▶ Responsible for exports counted as obligations of the CAISO BAA in applying RSE tests
- ▶ Develop tool or method for attributing RSE-eligible resource bids to SCs responsible for serving load within the CAISO or for exports counted as CAISO BAA obligations
- ▶ If not available based on existing data, develop tool or method for attributing metered demand in an RSE failure hour to SCs responsible for serving load within the CAISO and Tier 1 allocations to scheduled exports counted as CAISO BAA obligations in the failure hour

Questions?