



California ISO

WEIM - Assistance Energy Transfer - Extension

Market Policy Development

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04/16/2025

Housekeeping reminders

- This call is being recorded for informational and convenience purposes only. Any related transcriptions should not be reprinted without ISO's permission.
- Meeting is structured to stimulate dialogue and engage different perspectives.
- Please keep comments professional and respectful.
- Please try and be brief and refrain from repeating what has already been said so that we can manage the time efficiently.

Instructions for raising your hand to ask a question

- If you are connected to audio through your computer, open the participant and chat panels on the bottom right. 🖱️
- If you dialed in to the meeting, press *3 to raise your hand.
- Please remember to state your name and affiliation before making your comment.
- You may also send your question via chat to all panelists.

AET expiration is driving need for a near term solution to the preserve existing level of reliability

- AET design is scheduled to expire on December 31, 2025
 - Original expiration was designed to provide ISO time to design an enhanced “in-market” AET product
 - To date stakeholders have not expressed an urgent interest modifying the AET design

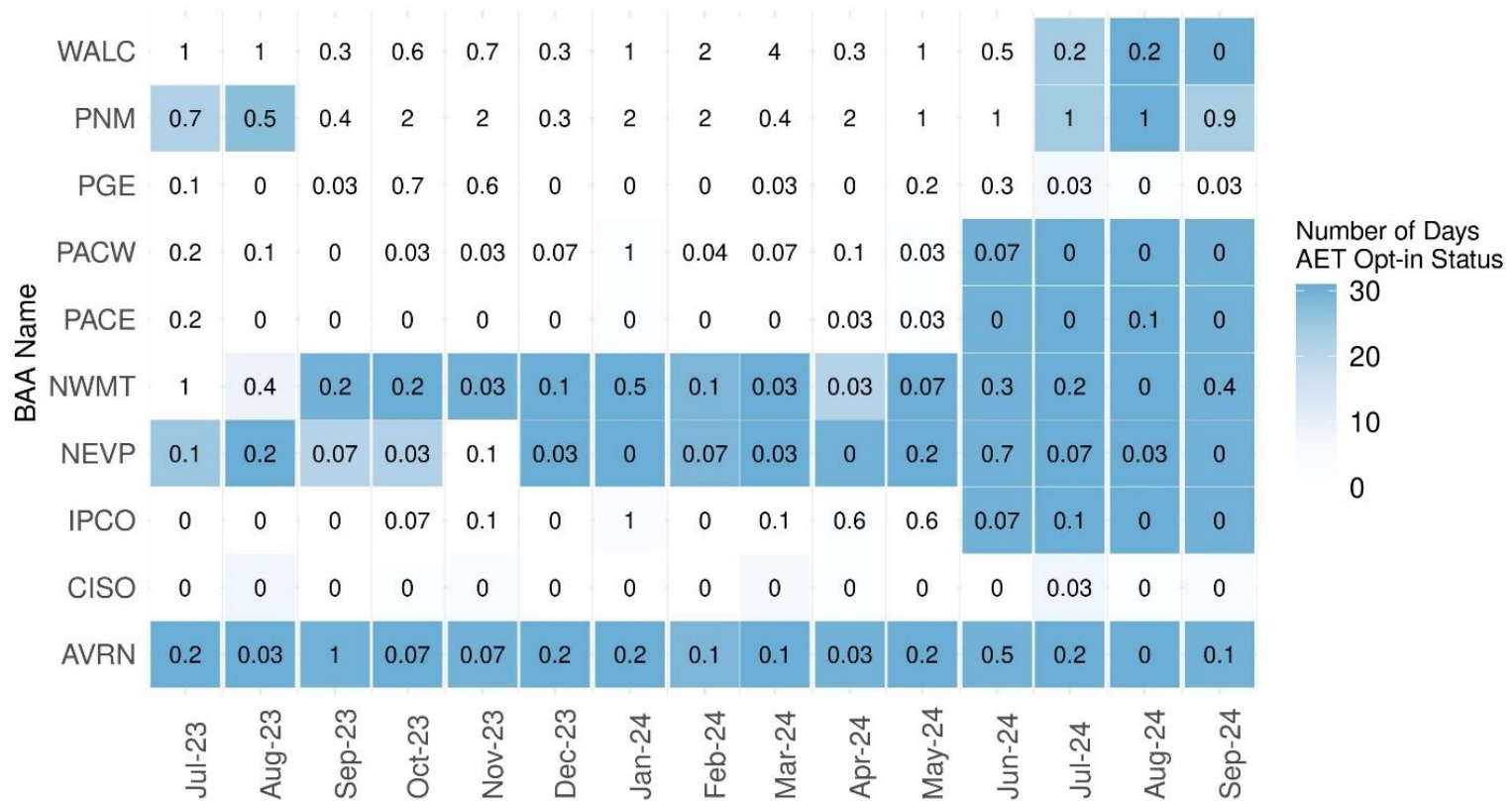
Excerpt from Board Memo: *Management agrees with this sentiment, however, Management does not believe additional design changes can be implemented prior to the summer of 2023 in a manner that would ensure equal and equitable application of an assistance energy product is incorporated into the real-time imbalance energy price. As stated above, **Management intends to explore a more robust assistance energy solution that is priced through the market in a subsequent stakeholder process.** The assistance energy product proposed in this memorandum is proposed to sunset no later than **December 31, 2025, at which time the more robust design should be completed and ready for implementation.***

The AET product allows for transfers at a surcharge when a WEIM BAA has failed the WEIM RSE

- If the amount of Tagged Dynamic WEIM Transfer is less than the amount the WEIM BAA failed the test by, then the charge is based on:
 - The positive difference between the energy they got from WEIM and any credits* they might have.
- If the Tagged Dynamic WEIM Transfer is greater than or equal to their failure amount, the WEIM BAA is charged based on:
 - The magnitude of RSE failure (capacity or flexible ramping test)
- Voluntary opt-in through the masterfile

*WEIM BA receives credit for ABC while the CAISO BA is credited for regulation up capacity

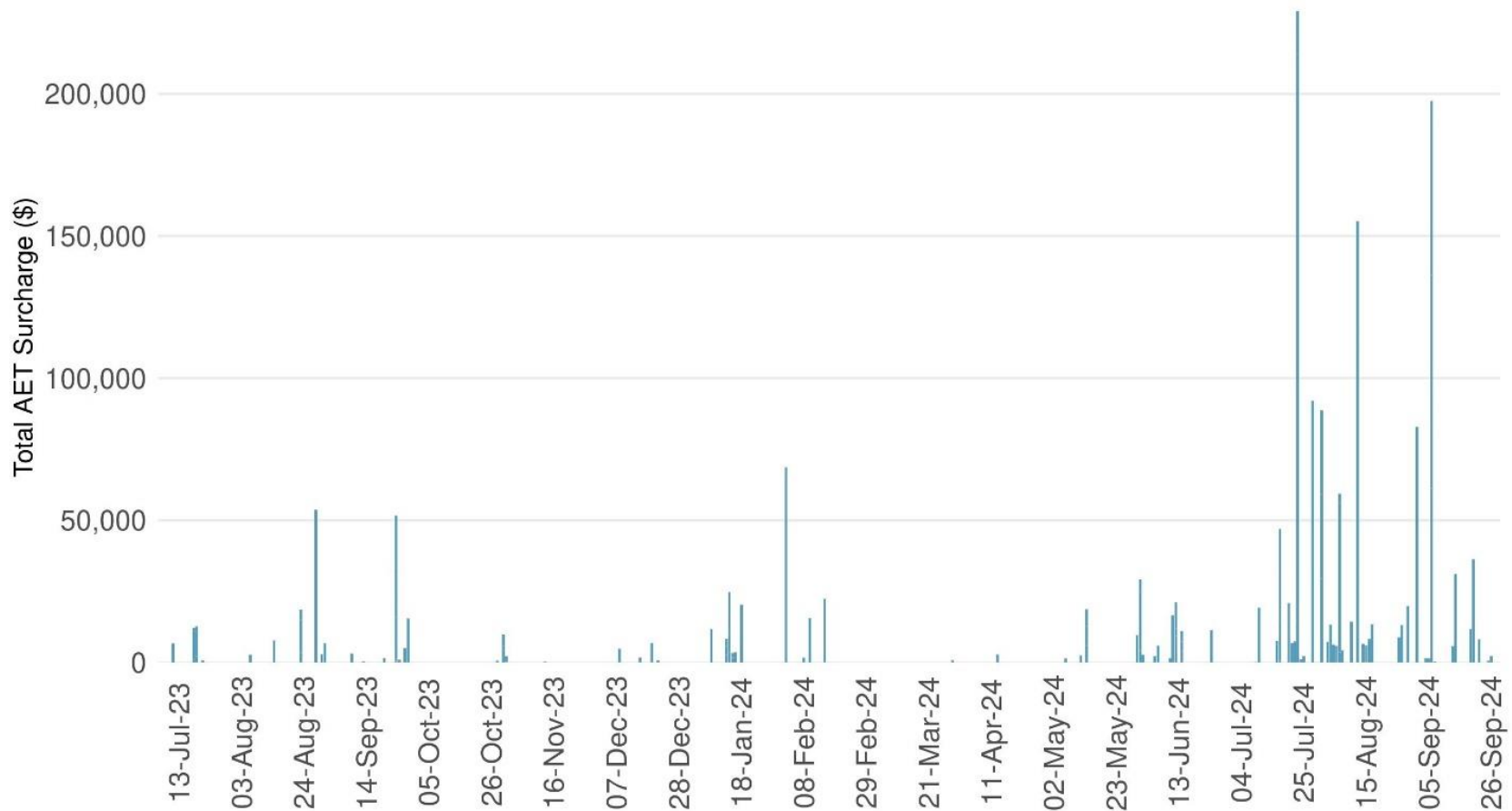
The AET program has been used frequently by up to 10 different balancing areas



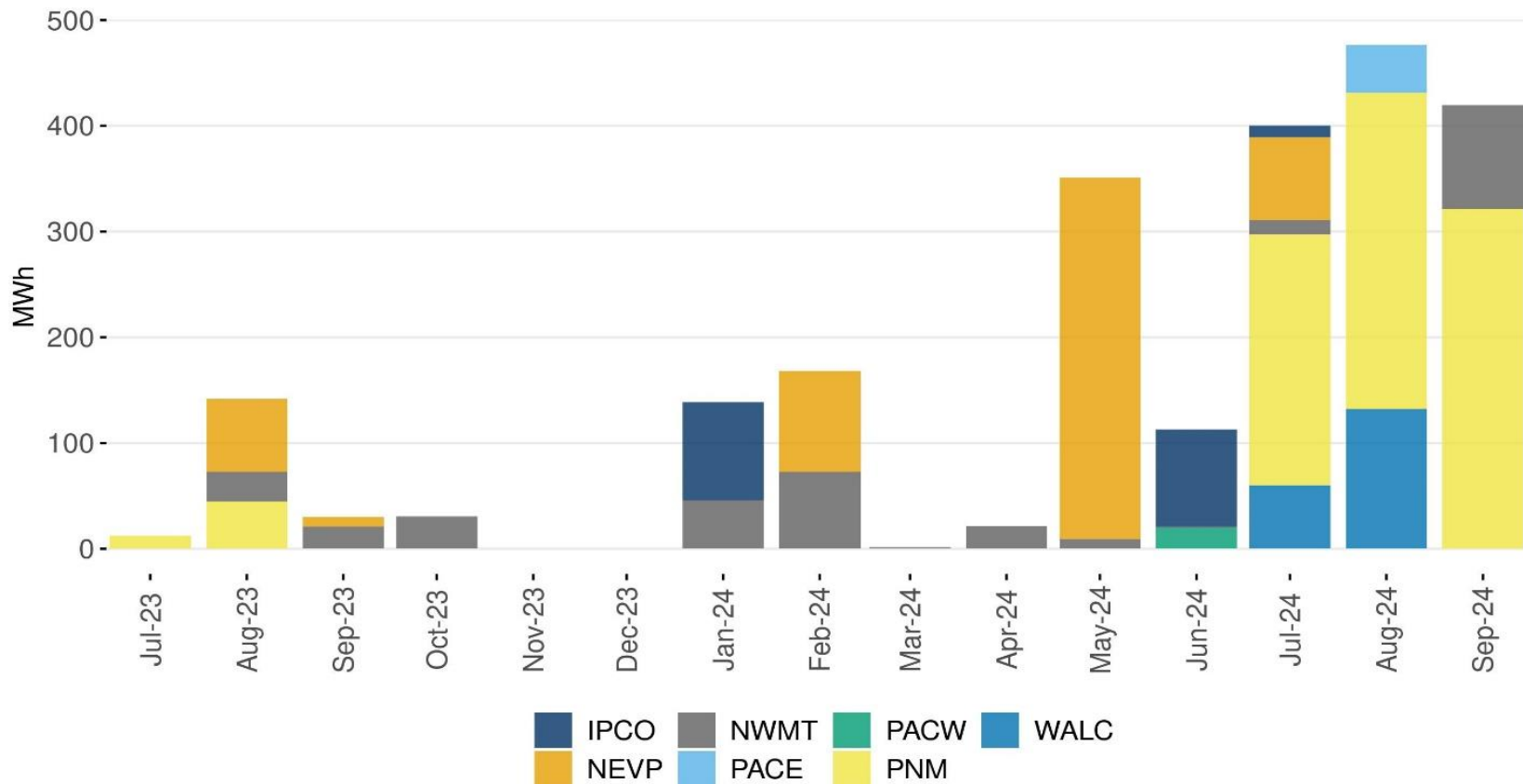
The deeper hues indicate a higher number of days the BAA opted in during the month.

The value of each tile in the heat map represents the percentage of total intervals where a BAA failed the RSE tests at 15- minute intervals

AET transfers primarily occurred during the stressed or uncertain operating conditions, as envisioned

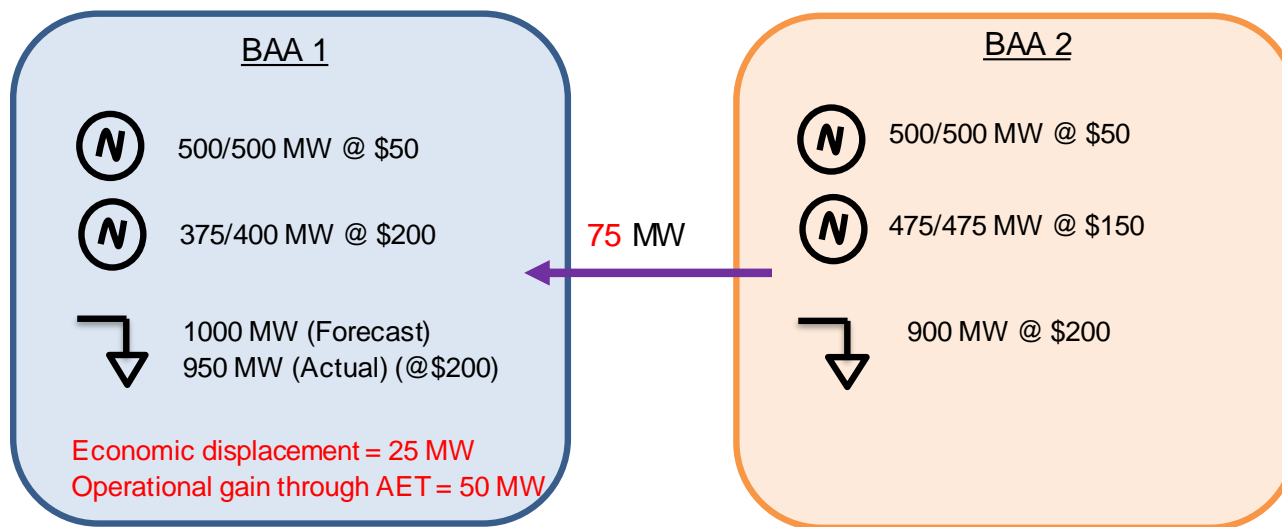


Monthly total energy (MWh) gained from opting in varies among balancing areas, but represents small quantities overall



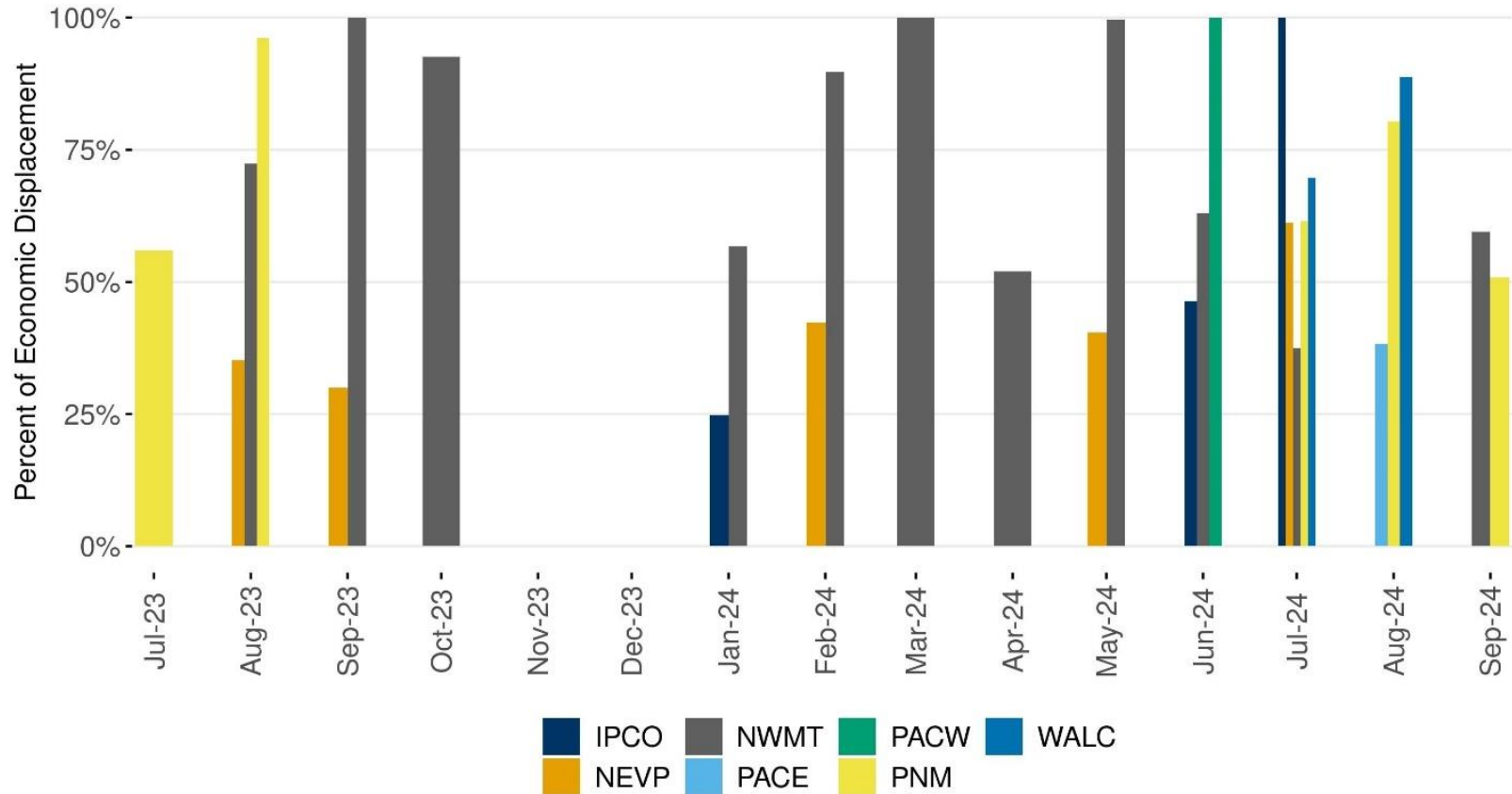
Potential economic displacement transfers being priced at ex post AET surcharge was previously identified as a concern

- In this example, BAA 1 has failed the WEIM RSE and is 100 MW deficient; BAA1 takes actions to reduce their load to 950 MW. BAA1 receives AET surcharges on 75 MW due to an additional 25 MW of optimal transfer creating economic displacement, beyond the 50 MW BAA 2 supplies to BAA 1



Surcharge = 75 * 1000 \$/MWh = \$75000

Percentage of economic displacement from energy transfers



Designing an “in-market” AET product to resolve the identified concern remains a substantial policy and technology endeavor

- Design could leverage existing transmission cost parameters to implement an in-market hurdle rate
 - Significant technology challenges creating a dynamic parameter that is responsive to market conditions
- Complex interactions with other market features:
 - Scarcity pricing
 - Available Balancing Capacity
 - BAA level MPM grouping approach

The ISO is proposing to extend the existing AET design by removing the sunset date

- Existing design ensures WEIM can continue to be leveraged to support reliability
- Proposed prioritization of extending AET is consistent with feedback the ISO has received from governance members and stakeholders

The ISO proposes to include minor tariff revision to ensure incentives for AET usage remain driven by reliability

- Recent observations have highlighted that a WEIM BAA taking reliability driven actions, in coordination with the Reliability Coordinator, can create additional AET surcharges
 - ISO is proposing to ensure coordinated actions do not increase financial exposure
- Consistent with the intent for AET to be utilized to increase reliability in the WEIM

Proposed changes in tariff language

Removing sunset period currently set forth in Section 29.34(n)(3)(C):

~~(C) Sunset Period. This tariff Section 29.34(n), together with Section 29.11(t), will terminate on December 31, 2025.~~

Amending calculation in Section 29.11(t)(1)(A) to allow for crediting when actions taken in coordination with the Reliability Coordinator.

Other than amounts directly attributable to actions taken in coordination with the Reliability Coordinator, if a Balancing Authority Area in the EIM Area receives an assistance Energy transfer, then the EIM Assistance Energy Transfer Surcharge will apply to the lower of the quantities specified in Section 29.11(t)(1)(A)(i) or (ii):.

Next Steps

- Request comments due 04/30/2025

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