

WESTERN ENERGY IMBALANCE MARKET

Aliso Canyon gas-electric coordination phase 3 proposal

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Propose to make some Aliso Canyon mitigation measures permanent and extend other temporary measures

- Continued operational risks due to continued limited Aliso Canyon unavailability
- Propose to extend November 2017 sunset date on temporary measures until long-term changes contemplated in *Commitment Cost and Default Energy Bid Enhancements* are implemented
- Propose to extend use of maximum gas burn constraint to throughout ISO and EIM and make it a permanent operational tool

Initiative includes a component within EIM Governing Body's primary decisional authority and components within its advisory role

- Extending the use of the maximum natural gas burn constraint to the energy imbalance market is within primary decisional authority
- Other components are within advisory role as they involve generally applicable real-time market rules

Propose to extend Southern California temporary market measures until long-term changes implemented in Fall 2018

- Adjust day-ahead market gas price index using gas price information published each morning
- Adjust the real-time market gas price index in So. Cal to include a scalar on the next day gas index
 - Accounts for real-time gas price fluctuations and allows So. Cal. generators to be dispatched only for local needs
- Publish D+2 advisory results
- After-the-fact cost recovery filing right opportunity to seek energy costs incurred above mitigated price

Propose to make maximum gas burn constraint a permanent provision and expand use throughout ISO and EIM

- Constraint allows grid operators to limit the gas burn of a group of generators in a defined area
- Local market power mitigation process modified when enforced
- Important backstop to generators' managing gas limitations through market bids
- Allows the market to optimize what EIM Entities would otherwise accomplish through manual dispatch

Two particular situations exist in EIM balancing areas that would benefit from the gas constraint

- Limitations on the amount of gas that generators can burn in excess of what they scheduled on the pipeline
 - Limitations enforced on high demand days to maintain gas system operational limits
- Generators with limited firm pipeline capacity because the gas system reserves a share of the pipeline capacity for other gas customers
 - Additional non-firm pipeline capacity not available when gas demand is high

Stakeholders generally support the maximum gas burn constraint as a valuable tool to manage limitations

- EIM participants note importance of market recognizing gas system constraints
- Several stakeholders request the ISO document the detailed process for using the gas burn constraint
- Department of Market Monitoring believes
 - resource sufficiency test should consider gas burn constraint, and
 - process to deem paths uncompetitive should be automated

Management requests the EIM Governing Body approve extending use of the maximum gas burn constraint to the EIM

- Maximum gas burn constraint is an important operational tool to ensure that electric system dispatches respect gas system operational limits