

MEMORANDUM

January 18, 2017

To: Ann Rendahl - Chair, Members of the EIM BOSR
From: Brian Thomas, Chair – Staff Advisory Committee of the BOSR
Re: Recommendation of the Staff Advisory Committee of the BOSR and EIM-related issues raised in CAISO's Policy Initiative Roadmap

I. Introduction

On January 9, 2017, the Staff Advisory Committee of the BOSR (SAC) had its inaugural conference call to discuss the Energy Imbalance Market (EIM) related topics contained in CAISO's recently published Policy Initiative Roadmap (Roadmap), in addition to introductions and administrative issues. The group's focus was identification of issues or potential modifications to the Roadmap for consideration by the BOSR in formulating their comments and recommendations to the EIM Governing Body. Links to the Roadmap and the 2017 Stakeholder Initiatives Catalog (Catalog) are provided here:

[CAISO Policy Initiative Roadmap](#)
[2017 Stakeholder Initiatives Catalog](#)

For reference purposes, a summary of all EIM related issues included in the Roadmap, with page references to the Roadmap, are presented below.

II. Summary of EIM Related Roadmap Issues

The 2017 Roadmap includes 22 work items, nine of which are EIM related according to CAISO's designation.¹ The CAISO uses four designations for EIM related issues: E1 – EIM Governing Body's primary authority, E2 – EIM Governing Body's advisory role,

¹ EIM related issues as identified by the CAISO in its 2017 Stakeholder Initiatives Catalog.

E3 – EIM Governing Body’s hybrid- primary authority², E4 – EIM Governing Body’s hybrid- advisory role.³ The designation F refers to initiatives intended to comply with FERC requirements.

- Storage and Aggregated DER - Phase 2 (E2), page 15
- Regional Integration California Greenhouse Gas Compliance (E2), page 15
- Bid Cost Recovery Enhancements (E2, F), page 13
- Stepped Constraint Parameters (E3, F), page 15
- Generator Contingency Modeling/Remedial Action Scheme Modeling (E2), page 16
- Commitment Cost and DEB Enhancements (E2, F), page 16
- FERC Compliance Order 831, (E2, F), page 16
- Real-Time Market Enhancements (E2), page 21
- Management of EIM Imbalance (E2), page 24

III. Recommendations

SAC offers three recommendations to the BOSR on CAISO’s Roadmap. First, SAC recognizes that in developing its Roadmap, CAISO seeks to balance the workload needed for managing its ISO market operations with the workload needed for improving the EIM and managing the interaction (seams) between the EIM and the western bilateral market. However, considering the speed and size of the expansion of the EIM, the CAISO should be expected to focus on improving and repairing existing markets and seams issues. Accordingly, the SAC suggests the BOSR recommend that CAISO complete all EIM related work categories in 2017, except for the Energy Storage and Distributed Energy Resource (DER) work that is scheduled to be ongoing beyond 2017.

Second, the SAC recommends that CAISO begin working on the Management of EIM Imbalance initiative a bit earlier than the May 2017 commencement date, as currently expected in the Roadmap. SAC members discussed and concluded that the compressed schedule for addressing that issue runs a risk of limiting important feedback from stakeholders and may leave the initiative unresolved by the end of 2017. In making this recommendation, SAC acknowledges that an earlier start for the EIM Imbalance initiative may create overlapping

² Per the Catalog: “An E3 classification is when the primary driver for the initiative is the EIM and the policy initiative is a hybrid because there is a component that would fall within the EIM’s governing body’s primary authority and a component that would fall within its advisory authority.”

³ Per the Catalog: “An E4 classification is when the primary driver for the initiative is not the EIM and the policy initiative is a hybrid in that it has both a component that would fall within the EIM governing body’s primary authority and a component that would fall within its advisory authority.”

workloads for CAISO staff. Accordingly, SAC recommends that CAISO simply be asked to advance development of a preliminary issues list to allow stakeholders more time to begin analyzing the issues and develop comments.

Finally, SAC recommends that the BOSR acknowledge CAISO's flexibility in adding two new EIM related issues to the 2017 Roadmap (Management of EIM Imbalance and Real-Time Market Enhancements). Both issues were added to the Roadmap in the 4th quarter, 2016.

IV. Conclusion

The next SAC call is scheduled for February 6, 2017, approximately two weeks prior to the February 21, 2017, BOSR call. As always please let me or any of the SAC members know if you have any comments or questions.