

WESTERN ENERGY IMBALANCE MARKET (WEIM)

Briefing on Policy Initiatives

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WEIM Governing Body Meeting

General Session

June 20, 2024



Extended Day Ahead Market (EDAM) & Day Ahead Market Enhancements (DAME)

- On June 11th, FERC issued an order accepting the EDAM Access Charge design.
 - With that order, the EDAM Tariff is fully FERC-approved.
- In July, we plan to hold a DAME implementation stakeholder meeting to provide a testing timeline, testing approach, and set expectations on communications and engagement with stakeholders.
 - This is a precursor to our commitment to hold implementation working groups to test and refine certain “tunable parameters.”
- In July, we plan to initiate a new initiative to enable and support Inter-Scheduling Coordinator Trades in WEIM and EDAM.

WEIM Resource Sufficiency Evaluation Enhancements (RSEE)

- Implementation of enhancements to E-tagging process
 - Align market E-tags to market results to enable identification of lower priority exports in the event post-market curtailments are necessary
 - Expected no earlier than July 1, 2024
- Planned 2024 kick-off for RSEE Phase 3
 - Scope will be partially informed by summer 2023 and recent winter 2024 lessons learned
 - Proposed Decisional Classification: Joint Authority

Rules of Conduct and Penalty Enhancements

- Rules of Conduct Enhancements Phase 1: Implemented on April 1, 2024
- Revised Straw Proposal released May 24, 2024
 - Define submission timeline and penalty for demand response monitoring data
 - Streamline Rules of Conduct investigative process
 - Update penalty tolling process
 - Materiality threshold for inaccurate meter data penalty
- Proposed decisional classification: Joint Authority
 - September 2024 (tentative)

Price Formation Enhancements working groups

- Expedited stakeholder process to allow limited energy resources to include their opportunity costs in supply offers when they exceed the \$1000 soft offer cap.
 - Approved by the Board/Governing Body in May 2024
 - Filed with FERC on May 31
 - Targeting August 1 effective date
- ISO is evaluating next steps based on working group sessions to date on scarcity pricing, BAA-level market power mitigation, and fast-start pricing, as well as on continuing the conversation on bidding above the soft offer cap.

Greenhouse Gas Coordination (GHG) working group

- The GHG coordination working group meetings are working towards evaluating and evolving the ISO's GHG accounting design.
- The problem statements in development are focused on:
 - Reviewing current GHG design
 - Considering new approaches for states that may not have a price on carbon
 - Developing emissions tracking, additional data transparency, and accounting to support market participants
- The most recent working group meetings have further explored solutions to reflect non-priced state climate policies, using in-market and out-of-market approaches.
- As a result of working group efforts the ISO has published average annual emissions rate data for 2022 and 2023 and has started publishing monthly data for 2024:

<https://www.caiso.com/library/average-emissions-rate-reports>

Gas Resource Management working groups

- Stakeholders identified problem statements, and potential solutions, associated with three main issue areas:
 - Increasing certainty for advance fuel procurement,
 - Precision of gas market inputs used for electricity market operations, and
 - Facilitation of resource-specific cost adjustments.
- Working groups discussed ISO analysis of gas price volatility and cost adjustment functionality to ensure diverse stakeholder experiences are accurately represented.
- Published a working group discussion paper with stakeholder recommendations for policy development in May 2024.
Planning an issue paper / straw proposal in July.

Informational updates for ongoing policy initiatives not under joint authority

Transmission Services and Market Scheduling Priorities (TSMSP)

- Wheeling through priority automated systems implemented seamlessly in April.
 - Support the calculation of ATC and processing of requests for ATC.
 - New functionality for Daily ATC now implemented and market participants can now request to reserve daily ATC.
 - As of June 1 wheel through priority established through the new process (monthly and daily) can be scheduled.
- Petition for a limited waiver of the tariff provisions for the resale of wheeling through priority filed in April.
 - Anticipate implementation of this feature in late Q3 2024.
- TSMSP phase 2, focused on the study and expansion process for establishing wheel through priority on a long-term basis, is being evaluated in light of Order No. 2023 interconnection process enhancements and FERC guidance.

Resource Adequacy (RA) working groups

The working group issued a *Revised Discussion Paper and Draft Recommendations* paper which suggests the following issues move to either policy development or a future working group:

Track 1: Modeling & Default Standards

- LOLE Modeling
- Default PRM and default counting
- UCAP for default counting, in collaboration with the CPUC and other LRAs
- Incorporating ambient derates due to temperature

Track 2: Outage and Substitution & RAIM Reform

- Reforming the ISO's outage and substitution processes
- Reforming RAIM

Track 3: Backstop Reform

- Increase the ISO's visibility into available backstop capacity
- Increase transparency to SH on backstop decision making
- Updating the current backstop product
- Longer term solutions to the ISO BAA RSE in curing deficiencies and assigning costs

Continued Working Group Topics

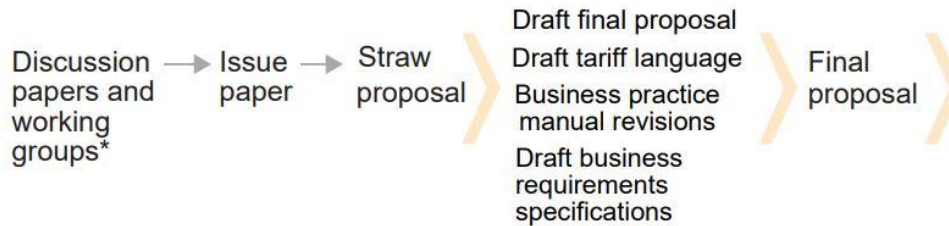
- Requirements for RA Capacity (energy sufficiency, Flex RA)
- Deliverability
- Continual assessment of interoperability with existing and emerging RA programs

ISO BAA Day-Ahead Sufficiency

- Straw Proposal posted on May 6th covering three main areas:
 - Process for making the 9 AM advisory ISO BAA day-ahead Resource Sufficiency Evaluation (RSE) a meaningful estimate of available supply across market participants,
 - Accounting for Reliability Demand Response Resources (RD RR) and Strategic Reliability Reserve (SRR) resources in the advisory RSE, and
 - Curing forecasted RSE shortfalls.
- Stakeholder call on the Straw Proposal held on May 13th
- Stakeholder comments on the Straw Proposal received May 28th

Policy initiative process

PROPOSAL DEVELOPMENT



DECISION



IMPLEMENTATION



Stakeholder meetings, working groups and workshops may occur throughout the process

This represents the typical process, and often stages run in parallel.

**Discussion papers and working groups will be incorporated into the process as needed.*

Current policy initiative status

	2024			
	Q1	Q2	Q3	Q4
DAME				Implementation working groups
EDAM	Implementation activities			
Gas Resource Management	Working groups	Discussion paper	Issue paper Straw proposal	Final Proposal Decision
				Decision
Greenhouse Gas Coordination	Working groups		Action plan	Action plan
Penalty Enhancements: Demand Response, Investigation, and Tolling		Straw proposal	Final proposal	
			Decision	
Policy Catalog & Roadmap	Working groups		Final Catalog	Final Roadmap
Price Formation Enhancements	Working groups		Straw proposal	

Pre-proposal development
Proposal development
Decision
Implementation

Current policy initiative status

Rules for Bidding Above Soft Offer Cap		Straw proposal Final Proposal	Implementation	
		Decision		
Rules of Conduct Enhancements		Implementation		
WEIM Resource Sufficiency Evaluation Enhancements		Phase 2 implementation enhancements	Phase 3 issue paper	
Items not under Joint Authority				
Day-Ahead Sufficiency			Final proposal	
		Straw proposal		Decision
Resource Adequacy Modeling and Program Design	Working groups		Issue paper Straw proposal	
		Policy recommendations		
Transmission Services and Market Scheduling Priorities	Manual implementation activities	Automated implementation & tariff changes effective		

Pre-proposal development
Proposal development
Decision
Implementation