

WESTERN ENERGY IMBALANCE MARKET

Briefing on Dispatch Operating Target (DOT) Tariff Clarifications

Don Tretheway

Senior Advisor, Market Design Policy

EIM Governing Body Meeting

General Session

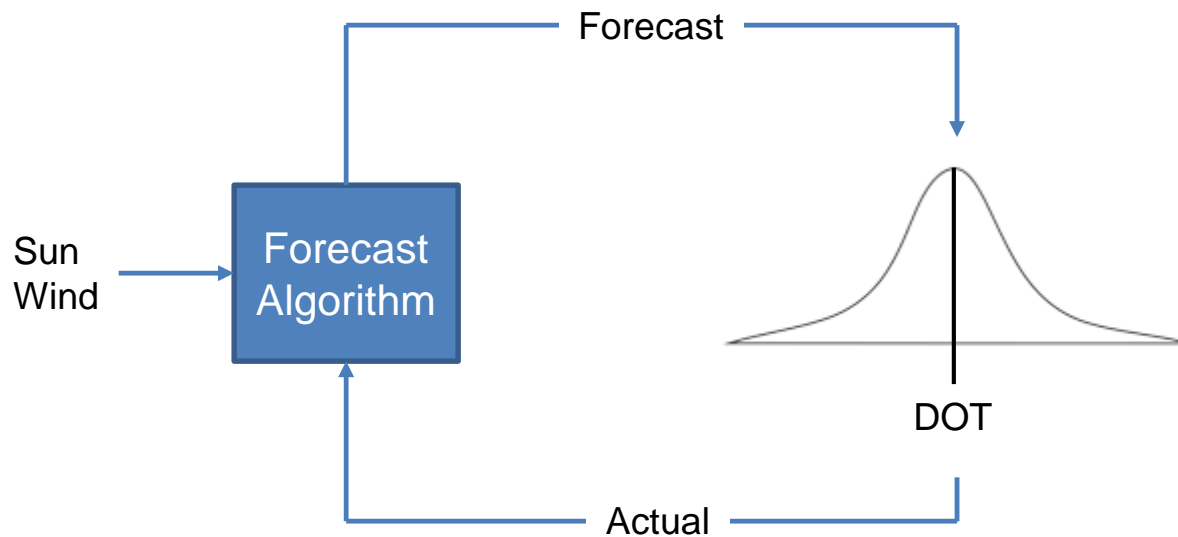
July 12, 2018



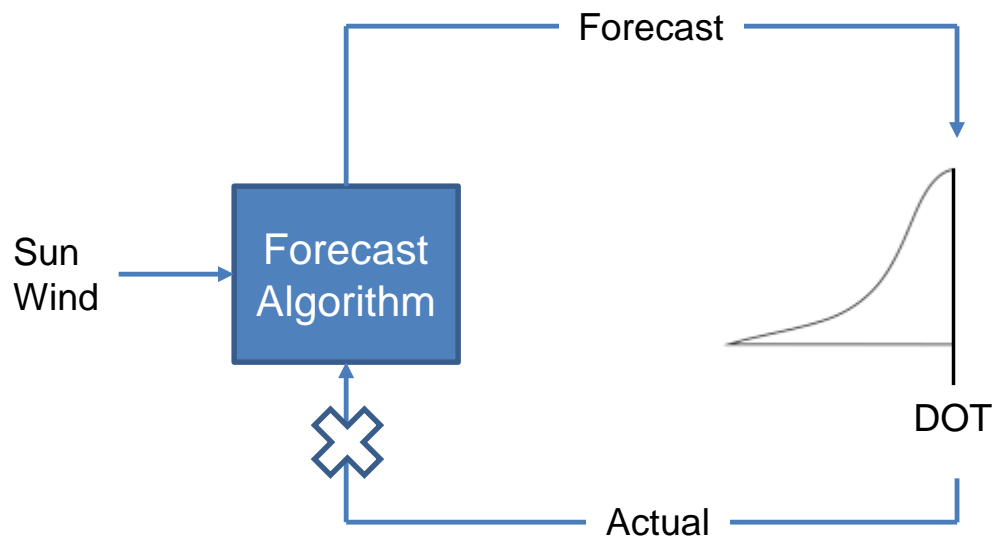
Tariff requires all resources to follow DOT; however, an exception is needed for eligible intermittent resources

- If an eligible intermittent resource (EIR) always followed its DOT, no positive forecast error is observed
- After FERC Order 764 design changes went live, clarified in BPM that EIRs can generate as capable unless decremental dispatch is sent
- There are operating conditions that require an EIR to not exceed its DOT even without a decremental dispatch
 - This will require an Operating Instruction

Allowing EIRs to generate as capable improves forecast over time because of feedback loop



If EIR follows its DOT, the actual output can only be lower than forecast

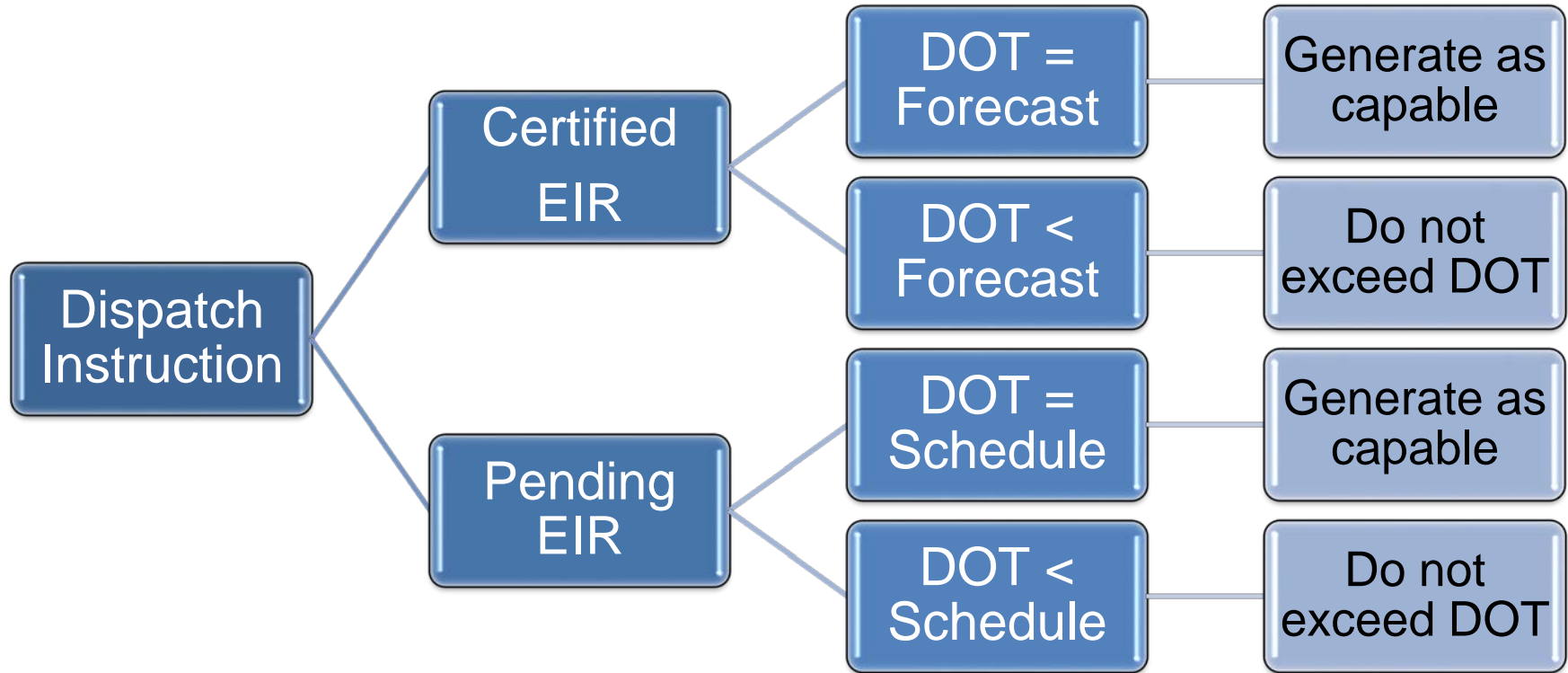


Need to exclude these intervals from the forecast algorithm

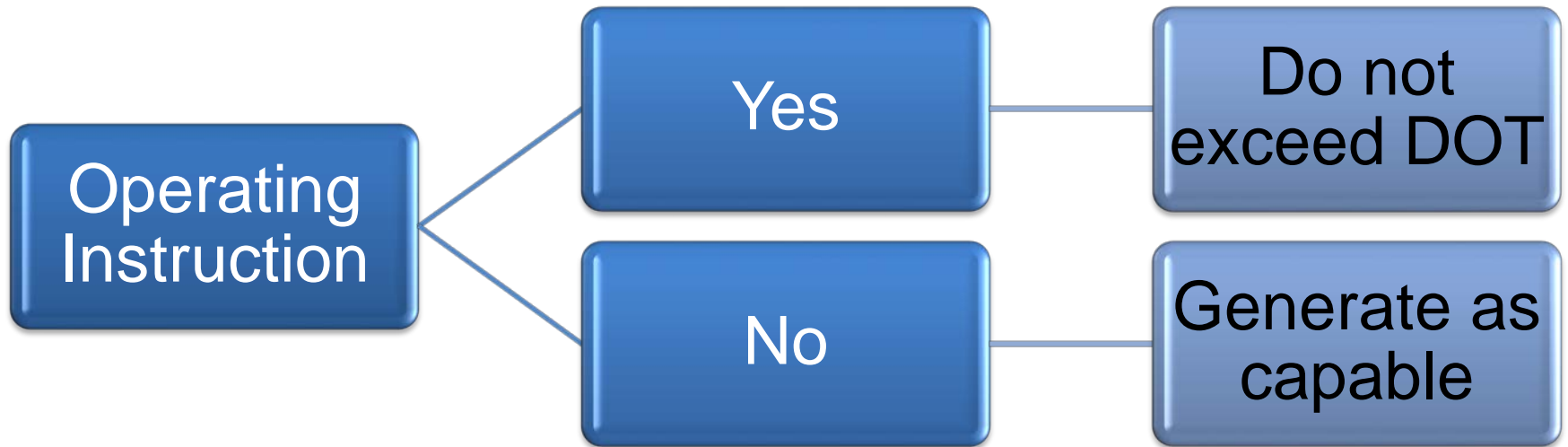
Consistent with the FERC Order 764 policy, Management is providing additional clarity in tariff

- Add a rule that explicitly allows EIRs to generate as capable unless told otherwise
 - All other resources must continue to follow DOT
- Provide consistency with NERC standards in the use of Dispatch Instruction and Operating Instruction
 - Dispatch Instruction: Result of real-time market optimization
 - Operating Instruction: Command by real-time operating personnel

Under normal system conditions, market dispatch is able to control supply/demand balance



Under challenging local or system conditions,
additional needed control of resources can trigger an
operating instruction



Compliance risk of deviations from instructions differs

- Dispatch Instruction
 - Subject to referral to FERC if strategic deviations are observed
 - EIM BAA responsible for reliability of BAA and can override dispatch instructions from market
- Operating Instruction
 - Code of conduct violation for CAISO resources
 - CAISO does not issue operating instructions to non-CAISO resources
 - Non-CAISO resources subject to EIM BAA OATT rules

In summary, the tariff changes provide additional clarity for eligible intermittent resources

- Consistent with FERC Order 764 policy changes implemented in 2014 that enabled economic bidding by EIRs
- Include tariff provisions to allow EIRs to generate as capable versus BPM language only
- Clearer distinction between dispatch instruction and operating instruction