

WESTERN ENERGY IMBALANCE MARKET (WEIM)

Briefing on policy initiatives

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General Session

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

- On August 22, the ISO filed the EDAM and DAME tariff amendments with FERC and filed answers to comments and limited protests on October 11
 - FERC decision expected by December 21, 2023
- The ISO continues internal EDAM implementation activities, including continued engagement with prospective participants
 - PacifiCorp and Balancing Authority of Northern California (BANC) have indicated their intent to participate in EDAM
- Planning and preparations for DAME implementation working groups underway and expected to begin in 2024
- EDAM implementation date targeted for 2026 to support implementation and readiness of participating entities

Transmission Services and Market Scheduling Priorities (TSMSP)

- On October 30, FERC issued an order approving the filed TSMSP phase 1 tariff amendments.
- The approved design provides for the calculation of available transfer capability (ATC) and the process for establishing market scheduling priority for wheeling through the ISO transmission system.
- Currently undertaking the tariff development process for TSMSP phase 2 focused on the study and expansion process for establishing wheel through priority on a long-term basis.
 - Targeted FERC filing in January 2024

Energy Storage Enhancements (ESE)

- ESE track 2 software successfully implemented as part of Fall 2023 software release
 - State-of-charge exceptional dispatch functionality and settlement
 - Co-located resource aggregated capability constraint
 - State-of-charge consideration of regulation
- Successful inclusion of regulation within day-ahead market state-of-charge constraint
 - To date, no unexpected or untoward market results observed during phased ramp in

WEIM Resource Sufficiency Evaluation Enhancements (RSEE)

- Five balancing authorities have elected to utilize assistance energy transfer functionality during the summer of 2023
- Enhancements related to RSEE Phase 2 for lower priority exports are on track for a staggered fall 2023 software release
 - Enhancements will increase situational awareness regarding expected delivery of ISO BAA exports through aligning market results with e-tags
- Planned 2024 kick-off for RSEE phase 3
 - Scope will be partially informed by summer 2023 lessons learned
 - Proposed Decisional Classification: Joint Authority

Reliability Demand Response Resource (RDRR) minimum run [on] time

The ISO has commenced a narrowly scoped policy initiative to make a tariff change to the current one hour minimum run [on] time requirement for RDRRs. This initiative is being undertaken to:

- Provide operational benefit by more accurately reflecting RDRRs minimum on time in markets during stressed conditions.
- Retain customers in retail programs integrated as RDRRs and the demand reduction capacity they provide.
- Prevent roll back of preferred operational dispatch order of RDRRs directed by CPUC
 - Proposed Decisional Classification: Joint Authority
 - Planning for ISO Board of Governors and WEIM Governing Body decision in February 2024

Rules of Conduct Enhancements

- Following phase 1 approval at the September 2023 joint ISO Board of Governors and WEIM Governing Body meeting:
 - Tariff language is under development
 - Implementation target: April 1, 2024
- Phase 2 has been re-scoped and re-named
 - Leadership is evaluating implementation resource prioritization
 - Penalty enhancements: Demand response, investigation, and tolling
 - Proposed decisional classification: to be determined

Price Formation Enhancements working groups

- The ISO has facilitated eight stakeholder working group sessions on scarcity pricing and BAA-level market power mitigation and fast start pricing
- Goals of the current working groups are to:
 - Align on principles, problem statements, and generate fresh perspectives for a more regionally diverse audience
 - Educate stakeholders on existing ISO market processes
 - Scope and inform the analysis plan necessary to support data driven policy development

Greenhouse Gas Coordination (GHG) working group

- The ISO has facilitated five GHG coordination working group meetings to continue to evaluate and evolve the ISO's GHG accounting design.
- The problem statements in development are focused on:
 - Reviewing of market operations as well as the WEIM and EDAM GHG accounting design
 - Considering market designs that reflect diverse state GHG reduction policies that may not have a price on carbon
 - Developing emissions tracking, analysis, and accounting to support market participants
- The working group's effort will culminate in a GHG action plan report to inform a policy initiative

Gas Resource Management working groups

- Stakeholder identified problem statements include issues with advance fuel procurement, gas market inputs used for electricity market operations, and resource-specific cost adjustments.
- The ISO will facilitate solution-focused working groups in December through February to inform the publication of an issue paper. The upcoming working groups will assess:
 - The scope of identified problem statements, feasibility and discussion of potential solutions through preliminary data analysis
 - The applicability of existing processes and policies
 - Problem statement prioritization

Resource Adequacy (RA) working groups

- The ISO has hosted two RA working group meetings, facilitated by Jeff McDonald of CEA Advisors.
 - Related to these efforts, the ISO has facilitated two workshops this year on interoperability with the CPUC's Slice of Day reform
- The goal of the RA working group is to align on principles, problem statements and prioritization — culminating in “issue papers” to act as a bridge to policy development and sequence necessary RA reforms.

Resource Adequacy working groups - continued

- The current focus is on stakeholder-shaped problem statements related to:
 - Increasing the visibility and communication of the reliability of the ISO BAA, through modeling
 - Updating RA rules to meet evolving grid and regulatory needs
 - Addressing concerns about inequitable costs and cost allocation among market participants
- The working group effort was informed by:
 - Internal observations and analysis
 - Stakeholder formal and informal feedback
 - Consulting services provided by Gridwell on current RA challenges and recommendations

Resource Adequacy working groups

- One significant focus of the ISO's RA efforts is to enhance our modeling capabilities to increase the visibility and communication of the reliability of the ISO BAA.
- This load of load reliability analysis will help create an apples-to-apples comparison of the ISO's BA's ability to meet a 1-in-10 target and lessen potential friction between RA programs.
- The ISO is seeking interoperability among different RA programs in California and the Western Resource Adequacy Program (WRAP).