

WESTERN ENERGY IMBALANCE MARKET (WEIM)

Briefing on policy initiatives

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WEIM Governing Body Meeting

General Session

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

- *FERC approved the EDAM and DAME tariff changes on December 20, 2023*
 - *We are working on a compliance filing on two narrow areas and following up on the Transmission Revenue Recovery issue that FERC rejected without prejudice*
- Continue EDAM implementation activities, including engagement with prospective participants - PacifiCorp and Balancing Authority of Northern California (BANC)
- Planning and preparations for DAME implementation working groups underway and expected to begin in late 2024
- EDAM implementation date targeted for 2026

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
- *We have begun implementing the approved design. We have manually calculated and posted monthly ATC values, and opened a window for market participants to submit requests in January. We will update these calculations and hold similar windows monthly*
- *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 for interconnection process enhancements and FERC guidance*

Energy Storage Enhancements (ESE)

- ESE track 2 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, and as of February 1, 100% of the attenuation factors are being considered in the market software*

WEIM Resource Sufficiency Evaluation Enhancements (RSEE)

- Five balancing authorities have elected to utilize assistance energy transfer functionality during the summer of 2023, and *several balancing authority areas elected to use assistance energy during the recent cold weather spell*
- Enhancements related to RSEE phase 2 for lower priority exports are on track for a spring 2024 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 on time

- Late last year, the ISO commenced a narrowly scoped policy initiative to make a tariff change to the current one hour minimum on time requirement for RDRRs
- The initiative has been terminated based on stakeholder feedback that the possible changes that can be considered on an expedited basis did not meet the objectives

Rules of Conduct Enhancements

- Following phase 1 approval at the September 2023 joint ISO Board of Governors and WEIM Governing Body meeting:
 - *Tariff filed at FERC January 12, 2024*
 - *Requested order by March 22, 2024*
 - *Implementation target: April 1, 2024*
- A phase 2 effort will consider penalty enhancements: demand response, investigation, and tolling (PEDRIT)
 - Leadership is evaluating implementation resource prioritization
 - Proposed decisional classification: joint authority

Price Formation Enhancements working groups

- The ISO continues to facilitate stakeholder working group sessions on scarcity pricing, BAA-level market power mitigation, and fast start pricing
- Most recently, the working group had three “sprint” sessions in January on scarcity 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

- Stakeholders identified problem statements include issues with advance fuel procurement, gas market inputs used for electricity market operations, and resource-specific cost adjustments
- The ISO started facilitating solution-focused working groups (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 is hosting 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 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

WEIM Governing Body planning calendar

	February 6-7, 2024	March 19-20, 2023
<p><i>Please note classifications and planned meeting dates are subject to change. For the most current information, visit the ISO website at:</i></p> <ul style="list-style-type: none"> • Policy Initiatives webpage 	<p>Decisional:</p> <ul style="list-style-type: none"> • None <p>Briefing:</p> <ul style="list-style-type: none"> • Briefing by DMM Oversight Committee (executive session) • WEIM Governing Body planning (executive session) • WEIM Governing Body market expert briefing (executive session) • CEO report • BOSR and RIF updates • Mosaic quantile regression analysis (joint general session) • Extended day-ahead market implementation (joint general session) • Policy initiatives update <p>Informational:</p> <ul style="list-style-type: none"> • Department of market monitoring update (joint general session) • Market performance update (joint general session) • Market Surveillance Committee update (joint general session) • Policy initiative milestones update (joint general session) • Quarterly budget report (general session) <p>Fyi: Board only decisional:</p> <ul style="list-style-type: none"> • Decision on postponement of Cluster 16 interconnection request application window 	<p>Decisional:</p> <ul style="list-style-type: none"> • Amendments to WEIM/EDAM governance documents, including Bylaws, WEIM Governance Charter, WEIM Governing Body Selection Policy, and Guidance for Handling Policy Initiatives (proposed advisory authority) <p>Briefing:</p> <ul style="list-style-type: none"> • Briefing by DMM Oversight Committee (executive session) • WEIM Governing Body planning (executive session) • CEO report • BOSR and RIF updates • Policy initiatives update • WEIM benefits and market update (placeholder) • WEIM implementations update (placeholder) <p>Informational:</p> <ul style="list-style-type: none"> • Department of market monitoring update (joint general session) • Market performance update (joint general session) • Market Surveillance Committee update (joint general session) • Policy initiative milestones update (joint general session)

WEIM Governing Body planning calendar

Quarter 1 – 2024	Quarter 2 – 2024	Quarter 3 and 4 – 2024
<p>Proposed Joint:</p> <ul style="list-style-type: none"> Market Surveillance Committee appointment <p>Proposed Decisional:</p> <ul style="list-style-type: none"> None <p>Proposed Advisory:</p> <ul style="list-style-type: none"> Amendments to WEIM/EDAM governance documents <p>Informational:</p> <ul style="list-style-type: none"> Department of Market Monitoring update (joint) Market performance update (joint) Market Surveillance Committee update (joint) Policy initiative milestones update (joint) Budget (February) WEIM implementation update (placeholder) WEIM benefits and market update (placeholder) Policy initiatives update Policy initiatives roadmap (joint executive session) <p>Fyi: Board only decisional:</p> <ul style="list-style-type: none"> Amendments to WEIM/EDAM governance documents 	<p>Decisional:</p> <ul style="list-style-type: none"> Election of WEIM Governing Body Chair and Vice Chair WEIM Governing Body nomination <p>Proposed Joint:</p> <ul style="list-style-type: none"> None <p>Proposed Advisory:</p> <ul style="list-style-type: none"> None <p>Informational:</p> <ul style="list-style-type: none"> Policy initiatives update WEIM implementation update (placeholder) WEIM benefits and market update (placeholder) Budget (May) Policy initiatives roadmap (joint general session - May) <p>Fyi: Board only decisional:</p> <ul style="list-style-type: none"> Transmission Plan Interconnection Process Enhancements 2023 	<p>Proposed Joint:</p> <ul style="list-style-type: none"> None <p>Proposed Decisional:</p> <ul style="list-style-type: none"> None <p>Proposed Advisory:</p> <ul style="list-style-type: none"> None <p>Informational:</p> <ul style="list-style-type: none"> Department of Market Monitoring update (joint) Market performance update (joint) Market Surveillance Committee update (joint) Policy initiative milestones update (joint) Policy initiatives update Budget (November) WEIM benefits and market update (placeholder) WEIM implementation update (placeholder)