

WESTERN ENERGY IMBALANCE MARKET (WEIM)

Briefing on Policy Initiatives and WEIM Governing Body planning calendar

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WEIM Governing Body Meeting

General Session

May 21, 2024



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

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

- On April 12th, the ISO filed with FERC the EDAM Access Charge design that was rejected, without prejudice, in the December 2023 order approving the EDAM tariff
 - EDAM access charge allows for transmission revenue recovery for EDAM transmission provider revenues that may be impacted as a result of market participation
 - The filing proposed the same design approved by the ISO Board of Governors and WEIM Governing Body, providing additional explanation and clarification as requested by FERC
 - Seeking a 60 day order from FERC, requested by mid-June
- On April 30th, FERC accepted our compliance filing submitted on February 16th to add and modify provisions effectuating DAME and EDAM in compliance with directives from the December 20th order
- DAME implementation working groups to begin in late 2024

Transmission Services and Market Scheduling Priorities (TSMSP)

- Since January – March participants have been requesting wheeling through priority for June 2024 and beyond
 - All valid requests for monthly ATC awarded in whole or in part (7 in whole, 1 in part), wheeling through ISO to Mead (Nevada) and PVWest (Arizona)
- Automated systems implemented seamlessly in April
 - Supports the calculation of monthly ATC and processing of requests for ATC
 - Daily ATC functionality will become available closer to the effective date on June 1
- Petition for a limited waiver of the tariff provisions for the resale of wheeling through priority filed in April
 - Anticipate implementation of this feature is 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

Rules of Conduct and Penalty Enhancements

- Rules of Conduct Enhancements phase 1: Implemented on April 1, 2024
- Straw proposal released March 28 (revised straw proposal planned for May 16, 2024)
 - Define submission timeline and penalty for demand response monitoring data
 - Streamline Rules of Conduct investigative process
 - Update penalty tolling process
 - Materiality threshold for meter data penalty
- Proposed decisional classification: joint authority
 - September 2024 (tentative)

Price Formation Enhancements working groups

- The working group is undergoing an expedited process to enable limited energy resources to incorporate their costs into supply offers when they exceed the \$1000 soft offer cap, aiming for an implementation by late summer 2024
 - ISO presented a feasibility assessment and straw proposal on April 23, and published a draft final proposal on May 1
- On April 8, ISO presented its latest analysis on the potential WEIM market impacts of fast-start pricing
- ISO is evaluating possible next steps based on working group sessions to date on scarcity pricing, BAA-level market power mitigation, and fast start pricing

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 the WEIM and EDAM GHG accounting design
 - Considering new approaches to reflect diverse state GHG reduction policies 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 explored three solutions to reflect non-priced state climate policies, using in-market and out-of-market approaches

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
 - 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
- We plan to publish an action plan and issue paper detailing the next steps for policy development by the end of May 2024

Resource Adequacy (RA) working groups

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

Track 1: Modeling the Reliability of the ISO BAA

- LOLE modeling with the goal of meeting a 0.1 standard
- Default counting, including developing UCAP in collaboration with the CPUC and LRAs
- Default PRM
- Accounting for ambient derates

Track 2: Updating Outage Substitution and Availability Incentives

- Outage substitution
- Availability and incentive mechanisms

Track 3: Backstop Reform

- ISO backstop visibility and CPM reform

Track 4: Backstop for the ISO BAA in EDAM

- Longer term solutions to backstop and cost allocation for the ISO BAA in EDAM

Future Working Group Topics

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

Day-Ahead Sufficiency

- ISO published a straw proposal on May 6th addressing how the ISO will prepare to conduct and pass the daily EDAM resource sufficiency evaluation (RSE), including the use of existing exceptional dispatch authority to cure reliability concerns identified by RSE shortfalls
- A stakeholder call was held on May 13th and stakeholder comments are due May 27th

Policy initiative 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
Day-Ahead Sufficiency			Final proposal	
		Straw proposal		Decision
EDAM	Implementation activities			
Gas Resource Management	Working groups	Discussion paper	Issue paper	Final Proposal
			Straw proposal	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

Pre-proposal development
Proposal development
Decision
Implementation

Current policy initiative status

	2024			
	Q1	Q2	Q3	Q4
Price Formation Enhancements	Working groups		Straw proposal	
Resource Adequacy Modeling and Program Design	Working groups		Issue paper	
		Policy recommendations	Straw proposal	
Rules for Bidding Above Soft Offer Cap		Straw proposal Final Proposal	Implementation	
		Decision		
Rules of Conduct Enhancements		Implementation		
Transmission Services and Market Scheduling Priorities	Manual implementation activities	Automated implementation & tariff changes effective		
WEIM Resource Sufficiency Evaluation Enhancements		Phase 2 implementation enhancements	Phase 3 issue paper	

Pre-proposal development
Proposal development
Decision
Implementation

WEIM Governing Body planning calendar

	May 21-22, 2024	June 20, 2024
<p>Please note classifications and planned meeting dates are subject to change. For the most current information, visit the ISO website at:</p> <ul style="list-style-type: none"> • Policy Initiatives webpage 	<p>Decisional:</p> <ul style="list-style-type: none"> • Rules for bidding above the soft offer cap - price formation enhancements (joint decisional) <p>Briefing:</p> <ul style="list-style-type: none"> • Briefing by DMM Oversight Committee (executive session) • WEIM Governing Body planning (executive session) • CEO report (general session) • BOSR and RIF updates (general session) • Policy initiatives update (general session) • Market expert briefing on rules for bidding above the soft offer cap (general session) • WEIM benefits and market update (general session) • West-Wide Governance Pathways Initiative (joint general session) • EDAM onboarding and implementation update (joint general session) • Load conformance including residual unit commitment adjustments (joint general session) <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 transmission plan • Decision on subscriber PTO application (SunZia) 	<p>Decisional:</p> <ul style="list-style-type: none"> • Election of WEIM Governing Body Chair and Vice Chair • WEIM Governing Body membership nomination <p>Briefing:</p> <ul style="list-style-type: none"> • Briefing by DMM Oversight Committee (executive session) • WEIM Governing Body planning (executive session) • Briefing on regional markets and transmission planning developments (general session) • BOSR and RIF updates • Policy initiatives update • WEIM benefits and market update (placeholder) • WEIM implementations update (placeholder) • EDAM onboarding and implementation update (placeholder) <p>Informational:</p> <ul style="list-style-type: none"> • Policy initiative milestones update (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 documents to implement extended day-ahead market governance <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 <p>Fyi: Board only decisional:</p> <ul style="list-style-type: none"> Implementing extended day-ahead market governance Funding request for day-ahead market enhancements and extended day-ahead market projects 	<p>Decisional:</p> <ul style="list-style-type: none"> Election of WEIM Governing Body Chair and Vice Chair WEIM Governing Body membership 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"> Regional markets and transmission planning developments (June meeting) Policy initiatives update WEIM implementation update (placeholder) WEIM benefits and market update (placeholder) EDAM onboarding and implementation update (placeholder) Budget (May) Policy initiatives catalog and roadmap (joint general session - July) <p>Fyi: Board only decisional:</p> <ul style="list-style-type: none"> Transmission plan Subscriber participating transmission owner application (SunZia) Interconnection process enhancements track 2 	<p>Proposed Joint:</p> <ul style="list-style-type: none"> WEIM Governing Body name change <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) EDAM onboarding and implementation update (placeholder)