

WESTERN ENERGY IMBALANCE MARKET

Briefing on Policy Outlook

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General Session
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Overview

Review status of policy stakeholder initiatives:

- EIM focused initiatives
- EIM related initiatives
- Non-EIM related initiatives

EIM focused policy stakeholder initiatives

- EIM greenhouse gas attribution enhancements (primary, E1)
 - Scope:
 - Enhanced methodology for assigning greenhouse gas obligations for EIM transfers serving ISO
 - Addresses “secondary dispatch”
 - Status:
 - Revised draft final proposal posted in June
 - EIM Governing Body and ISO Board informational briefing in July
 - ISO developing two-step model prototype prior to finalizing design
 - Early 2018 EIM Governing Body and ISO Board meetings for final approval

EIM focused policy stakeholder initiatives (continued)

- Consolidated EIM Initiatives from 2017 Roadmap
 - Combined the following initiatives for stakeholder process purposes:
 - Management of bilateral schedule changes (primary, E1)
 - Would allow EIM schedule change based on difference between source and sink prices
 - Third party transmission contribution (primary, E1)
 - Mechanism to allow third parties to make transmission available for EIM transactions
 - Net wheeling charge (primary, E1)
 - Address sharing benefits when an EIM transfer wheels across an EIM Entity Area
 - Status:
 - Stakeholder call on issue paper on June 21
 - Publish straw proposal on July 27
 - Oct 2017 EIM Governing Body and Nov 2017 ISO Board meetings
 - Will bring items separately if appropriate

EIM related policy stakeholder initiatives (continued)

- Generator contingency and remedial action scheme modeling (primary, E1 for authority to use in EIM areas)
 - Scope: Modeling generator contingencies and remedial action schemes in market
 - Status:
 - Stakeholder meeting on draft final proposal on July 7
 - Sep 2017 EIM Governing Body and ISO Board meetings
 - Changed approval classification from advisory because use in EIM areas is separable from rest of initiative

EIM related policy stakeholder initiatives (continued)

- Commitment Costs and Default Energy Bid Enhancements (advisory, E2)
 - Scope:
 - Basis for bid cost reference levels
 - Market power mitigation methodology for generator commitment costs
 - Bid validation required for FERC Order 831 compliance
 - Status:
 - Stakeholder meeting on straw proposal on July 6
 - Oct 2017 EIM Governing Body and Nov 2017 ISO Board meetings

EIM related policy stakeholder initiatives (continued)

- Real-time market enhancements (advisory, E2)
 - Scope:
 - Various enhancements to improve performance and efficiency of the real-time market
 - Reduces EIM base schedule submission lead time
 - Status:
 - Start stakeholder process in August
 - Early 2018 EIM Governing Body and ISO Board meetings

Non-EIM related policy stakeholder initiatives

- In progress:
 - Frequency response – phase 2
 - Contingency modeling enhancements
 - Congestion revenue right auction efficiency
 - Flexible resource adequacy criteria and must-offer obligation – phase 2
 - Capacity Procurement Mechanism risk-of-retirement process enhancements
 - Temporary suspension of resource operations