

WESTERN ENERGY IMBALANCE MARKET

Memorandum

To: WEIM Governing Body
From: Elliot Mainzer, ISO President and Chief Executive Officer
Date: August 23, 2022
Re: CEO report

This memorandum does not require WEIM Governing Body action.

INTRODUCTION

For my August CEO Report, I will provide an update on EDAM and related issues, the latest on WEIM benefits and plans for our first ISO Stakeholder Symposium since 2018.

EXTENDED DAY-AHEAD MARKET (EDAM)

Our team working on the ISO's EDAM initiative continues its considerable progress toward designing a day-ahead market across the West, with robust input from our stakeholders. In June, we received stakeholder comments on our latest version of the EDAM straw proposal, with 47 different sets of submitted comments totaling more than 500 pages. We followed up with a series of stakeholder workshops that were held from July 11-27 on a number of critical design elements, continuing to work with stakeholders on refinements.

I have been extremely impressed with the tremendous amount of progress that has been made in the proposed design and details since our initial proposal was released in April. The stakeholder comments and the July workshops are helping inform the latest evolution of the EDAM design that was published on August 16 in our revised straw proposal. Comments on that proposal are due back to us by September 20.

Also, the ISO will be hosting a virtual stakeholder meeting on August 29 to review the elements of the revised straw proposal with stakeholders. On Sept. 7 and 8, we will host another in-person stakeholder meeting in Sacramento to further discuss the EDAM design elements and hear stakeholder perspectives on the design. We are very appreciative of the level of stakeholder engagement and look forward to continuing the collaborative effort in shaping this market. We are seeing a genuine sense of excitement over the significant progress being made in coming up with a design we hope is actionable for a critical mass of utilities in the West.

TRANSMISSION SERVICE AND MARKET SCHEDULING PRIORITIES

In late July, we published the straw proposal on the transmission service and market scheduling priorities that introduces a framework for establishing wheel through priorities across the ISO system. In that proposal, we put forward an approach where the ISO would calculate the available

transmission capacity at the interties that can be accessed by wheels, across different time horizons, to establish scheduling priority. In calculating what is available, the ISO would look to set aside transmission capacity for meeting native load needs to ensure that these can be reliably served. Part of the framework also introduces the ability to expand the system to establish wheel through priority. This is an important effort in seeking to unlock grid capacity, along with other transmission expansion and like efforts across the West, which will support robust inter-regional trades that benefit the Western Interconnection. We look forward to continuing our collaboration with stakeholders in developing this durable framework.

RESOURCE SUFFICIENCY EVALUATION ENHANCEMENTS PHASE 2

The WEIM resource sufficiency evaluation enhancements phase 2 initiative is also progressing and we have been building on work earlier in the year by continuing to evaluate incremental enhancements to the resource sufficiency evaluation designed to improve its accuracy. In July, the ISO published its straw proposal and received stakeholder comments at the end of July. Our folks are currently reviewing those comments and, based on that feedback, considering modifications to our proposal as we continue to move quickly on this effort. We are planning to bring this item to the joint ISO Board of Governors and WEIM Governing Body meeting in October and continue collaborating with stakeholders on this important issue.

WEIM GOVERNANCE REVIEW COMMITTEE

At the same time, the WEIM Governance Review Committee (GRC) continues to move forward with its work on proposed governance changes for EDAM. The GRC's straw proposal was posted on July 15, followed up with a July 20 call to review the proposal, with comments due back by August 15. The GRC is scheduled to hold a general session teleconference meeting on August 29 to go over the comments and next steps. The WEIM Governing Body will get an update at its August 30 meeting. The ISO Board of Governors will get an update at its August 31 meeting.

The proposal makes some recommendations but also asks stakeholders for feedback on a number of items:

The GRC is recommending that we continue with the joint authority model because committee members feel it best promotes collaboration and recognizes the interconnectedness in the market. Members also believe the scope of shared authority should at least be increased by using the "apply to" test to cover WEIM and EDAM rules. The WEIM Governing Body would also retain "advisory authority" over all real-time and day-ahead market rules that are not otherwise under shared authority. WEIM Governing Body members are asking stakeholders to provide specific comments on further expansion of scope. Other changes to the following areas are being considered:

- Further use of working groups on major market design initiatives as was done with EDAM;
- A RIF forum at the onset of the initiative roadmap process to seek feedback on areas of most importance to the broad set of stakeholders;
- Amending corporate bylaws to clarify that, consistent with its corporate purpose and status as a nonprofit public-benefit corporation, the ISO and individual members of the Board of Governors will consider the interests of all stakeholders in the market footprint.

WEIM BENEFITS REPORT

Our most recent quarterly report on benefits accruing to participants in the Western Energy Imbalance Market showed WEIM entities achieving \$287.44 million in benefits for the second quarter of 2022. The WEIM continues to demonstrate the value that the market and greater regional coordination offer in financial, operational and environmental benefits.

Overall, WEIM's cumulative benefits since the market launched in late-2014 are now at \$2.39 billion. The success of WEIM continues to be the most resonant rationale for extending WEIM to a larger day-ahead market, which would clearly expand and extend those benefits throughout the West.

ISO STAKEHOLDER SYMPOSIUM

Plans are coming together nicely to resume our ISO Stakeholder Symposium in-person on November 9 and 10 in downtown Sacramento. We have published a draft agenda that focuses heavily on the Symposium's first day on the growing momentum for regionalism in the West and the "Emerging Western Day-Ahead Market," with a look at industry trends beyond EDAM on day two. Speakers are being lined up, registration and sponsorships have been robust, and thanks to our Symposium planning team in Stakeholder Affairs and Communications and Public Relations, we have some good momentum going. Our last Symposium was in 2018, so this will be the first time we have had the opportunity to engage with stakeholders across all segments through this forum in the past four years. I am looking forward to what will be a timely and hopefully stimulating event for our stakeholders.