

Comments on WEIM Assistance Energy Transfer Extension

Department of Market Monitoring

April 30, 2025

Summary

The Department of Market Monitoring (DMM) appreciates the opportunity to comment on the *Western Energy Imbalance Market (WEIM) Assistance Energy Transfer Extension* meeting held on April 16, 2025. The ISO is proposing to extend the current Assistance Energy Transfer (AET) program by removing the December 31, 2025 sunset date. DMM's monitoring of AET utilization has not yet revealed concerns of systematic leaning or extensive reliance on assistance energy transfers during tight conditions. Therefore, DMM supports the extension of the current AET functionality.

Comments

The current WEIM Assistance Energy Transfer (AET) program allows balancing areas that fail the upward resource sufficiency evaluation (RSE) to access additional supply through WEIM transfers that may not be available when the balancing area's transfers are limited due to an RSE failure. When a balancing area fails an upward RSE, their WEIM transfers are limited by the greater of: (1) the base transfer or (2) the transfer from the last 15-minute market interval. However, the AET program allows balancing areas to avoid this transfer limitation and instead pay a surcharge to potentially access additional WEIM transfers.

DMM supported the current AET design as an approach that is more targeted than earlier proposals, but still discourages capacity leaning

Since freezing transfers to a balancing area that is short on capacity could be detrimental to western reliability, DMM supported the ISO and stakeholders considering alternative design options for failing the RSE in 2022.¹ In that stakeholder process, DMM emphasized the importance of striking a balance between allowing areas with excess capacity to provide assistance to other balancing areas, while still disincentivizing balancing areas from leaning on the WEIM footprint for capacity.

Under the current AET program, the surcharge associated with assistance energy transfers is calculated by multiplying the applicable energy bid cap, either \$1,000/MWh or \$2,000/MWh, by the lesser of: (1) the dynamic WEIM transfers or (2) the amount by which the balancing area failed the resource sufficiency evaluation. DMM supported this design, since it is more targeted than the ISO's initial 2022 proposal of applying the surcharge to all of a balancing area's real-time market imbalance transactions, but still discourages balancing areas from relying on other areas for capacity.²

¹ *DMM Comments on WEIM Resource Sufficiency Evaluation Enhancements Phase 2 Straw Proposal*, Department of Market Monitoring, July 28, 2022: <https://www.caiso.com/documents/dmm-comments-weim-resource-sufficiency-evaluation-enhancements-phase-2-straw-proposal-july-28-2022.pdf>

² *DMM Comments on WEIM Resource Sufficiency Evaluation Enhancements Phase 2 Revised Final Proposal*, Department of Market Monitoring, November 16, 2022: <https://www.caiso.com/documents/dmm-comments-weim-resource-sufficiency-evaluation-enhancements-phase2-revised-final-proposal-2022-11-16.pdf>

The ISO has not identified an urgent need to address the issue of economic displacement

While the current design is more targeted than previous proposals, there is still a possibility that surcharges are applied to transfers that are not the result of opting in to the AET program. Specifically, there may be WEIM transfers that occur due to economic displacement once a balancing area's supply is optimized with available supply across the WEIM footprint.³ The ISO conducted analysis to estimate the percentage of energy transfers that were subject to AET surcharges due to economic displacement, rather than additional supply from the AET program.⁴ While this analysis suggests economic displacement may account for a substantial portion of transfers that receive AET surcharges, the magnitude of AET surcharges remains relatively small, and identifying which transfers were subject to AET surcharges due to economic displacement is a complicated exercise. DMM understands the ISO needed to make a number of assumptions in order to disentangle transfers from economic displacement, versus the additional transfers available due to the AET program.

While DMM believes that the economic displacement issue could be addressed through a future enhancement, the ISO's analysis does not clearly establish an urgent need for such an enhancement. DMM also agrees with the ISO that developing an in-market approach to AET would be a significant and complicated undertaking. Until any such enhancement is developed in the future, DMM believes that limiting surcharges to the RSE shortfall helps to mitigate concerns of excessive surcharges on economic transfers, while still disincentivizing systematic leaning or extensive reliance on assistance energy transfers during tight conditions.

DMM supports extension of the current AET design

If multiple balancing areas failed RSE tests while opting in to the AET program, this could indicate extensive reliance on AET during tight west-wide conditions. WEIM entities have expressed this concern regarding the AET program. Since the implementation of AET functionality in July 2023, DMM has regularly monitored AET utilization and published the results in quarterly WEIM resource sufficiency evaluation reports.⁵ In almost two years of monitoring, DMM's analysis has not indicated that any particular balancing area is systematically relying on the AET functionality to meet capacity shortfalls. In addition, DMM identified very few intervals when there were two or more balancing areas simultaneously failing the RSE test while opting in to receive assistance energy transfers.⁶

³ *Second Revised Final Proposal – WEIM Resource Sufficiency Evaluation Enhancements Phase 2*, California ISO, December 6, 2022, p 25:

<https://stakeholdercenter.caiso.com/InitiativeDocuments/SecondRevisedFinalProposal-WEIMResourceSufficiencyEvaluationEnhancementsPhase2.pdf>

⁴ *WEIM Assistance Energy Transfer Extension*, California ISO, April 16, 2025, p 10:

https://stakeholdercenter.caiso.com/InitiativeDocuments/WEIM_AET_04162025.pdf

⁵ DMM WEIM Resource Sufficiency Evaluation Reports:

<https://www.caiso.com/library/western-energy-imbalance-market-resource-sufficiency-evaluation-reports>

⁶ *WEIM Resource Sufficiency Evaluation Metrics Report covering Q3 2024*, Department of Market Monitoring, November 14, 2024, pp 20-21:

<https://www.caiso.com/documents/q3-2024-metrics-report-on-resource-sufficiency-evaluation-in-weim-nov-14-2024.pdf>

Since DMM's analysis suggests no extensive reliance on AET during tight west-wide conditions, and there is no strong evidence of systemic leaning by any particular balancing area, DMM supports extending the program past December 31, 2025.