



December 14, 2022

To: Energy Imbalance Market Governing Body and the CAISO Board of Governors

Subject: Resource Sufficiency Enhancements Phase 2

At the February 9, 2022 EIM Governing Body and Board of Governors joint meeting, NV Energy brought forth a serious reliability concern with respect to the consequences associated with failing the EIM Resource Sufficiency test – specifically, the current failure mechanism that locks imports could prohibit additional supply from flowing to an EIM Entity in an emergency condition. Given the wide-spread participation of Western Balancing Authorities in the EIM, the ability to address emergencies through the bilateral market has been significantly reduced. Thus, NV Energy requested that CAISO develop a mechanism to make excess supply that is voluntarily offered into the EIM, but not needed by EIM Entities that passed the EIM Resource Sufficiency Test, be available to the distressed EIM Entity at an appropriate scarcity price. We requested that CAISO implement a solution prior to the Summer of 2022.

That date underestimated the challenges of an issue that was widely supported at a conceptual level, but far more difficult to implement. We commend the hard work of CAISO policy staff, stakeholders, the Department of Market Monitoring and the Market Surveillance Committee in addressing the complexities of this important initiative through an expedited process. NV Energy supports the CAISO's final proposal for the Resource Sufficiency Enhancements Phase 2 because it creates a financial mechanism that EIM Entities can opt into. We recognize this is not a final solution for the Resource Sufficiency Enhancements, but it is of critical importance not to delay the implementation of this reliability enhancement past the Summer of 2023 for grid reliability. As noted by the MSC, these changes represent improvements relative to current practice. Work on further improvements to the resource sufficiency evaluation, including longer term measures to address failure consequences will continue in Phase 3. NV Energy respectfully requests the EIM Governing Body and the CAISO Board of Governors approve for filing the Phase 2 proposal.

Thank you for the opportunity to make these comments.

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