



WEIM Resource Sufficiency Evaluation – Failure Consequences

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“In Market” Resource Sufficiency Financial Consequence Principles



- The “in market” financial consequences shall not be punitive during non-stressed system conditions, result in excessive penalties for small failures, and should be tiered based on the size of the Resource Sufficiency Failure.
- The design should include a mechanism to address any potential leaning on the market.
- A BAA that is unable to meet the minimum requirement for contingency reserves and may curtail load (“EEA 3”) should not pass the Resource Sufficiency test.
- Downward Resource Sufficiency failures consequences should not exist.

The financial consequences shall not be punitive during non-stressed system conditions



- The initiative should define non-stressed system conditions.

Initial proposals for metrics:

- Measured from RTPD Prices
- System Flexible Ramping Product Demand Curve (\$0 vs. \$247)
- MW Amount of Dispatchable Energy
- Measured surplus from Capacity or Flexible Ramping Sufficiency Tests

Proposed Penalty Bands “In Market” Financial Consequences



- **Resource Sufficiency Flexible Ramping Test Failures:**
 - EIM Entity Hourly Forecast error (MAPE) – No penalty
 - 25% of Real-Time Uncertainty - 25% of price cap for incremental transfers
 - 50% of Real -Time Uncertainty - 50% of price cap for incremental transfers
 - 75% of Real-Time Uncertainty - 75% of price cap for incremental transfers
 - Forecasted Load – Price cap for incremental transfers
- **Capacity Test Failures:**
 - EIM Entity Hourly Forecast error (MAPE) – No penalty
 - Forecasted Load – Price cap for incremental transfers

**LMP of Failed EIM Entity =
(LMP + > Penalty from Tier above)**

Mechanism to Address Leaning



- The initiative should define leaning.
- The design could use a tiered penalty mechanism to address leaning.

Initial proposals for metrics:

- Historical failure data
- Incremental Transfers occur above a defined import threshold during a failure



- **Emergency Events that might trigger a load shedding event “EEA 3” should be reported to the market by the use of an operational flag.**
 - This should be an automatic trigger for scarcity prices and result in an automatic failure of the Resource Sufficiency test at the forecasted load penalty band.