PUBLIC POWER COUNCIL

Considerations for Resource Sufficiency Enhancements Phase 3

Regional Issues Forum

February 8, 2023

RSE Enhancements Process

- Questions about RSE raised after 2020 heat storm and subsequent outages.
- Adjustments to RSE were made as part of Summer 2021 Readiness Initiative, with larger changes to be explored in RSE Enhancements.
- Phase 1 – started June 2021, focused on improved accuracy.
- Phase 2 – started July 2022, intended to address outstanding issues including failure consequences.

CAISO RSE Principles:

- Inappropriate leaning is participation in the WEIM without sufficient capacity and ramping capability to meet expected load;
- WEIM RSE failures should not cause operational or reliability issues; and
- The WEIM RSE does not dictate resource adequacy or integrated resource plans in individual BAAs.

Importance of Continued RSE Improvement

- Foundational component of ensuring equity in WEIM.
  - Test intended to ensure that entities could meet needs with their own resources.
  - Broad support for policies that reduce “leaning.”
- Inconsistent RA programs require RS test to ensure equity.
  - Entities make investments to comply with RA programs, but then in WEIM that capacity becomes available to all market participants.
- EDAM RSE rules help leaning in the DA, but could be undermined by outstanding issues in RT.
  - Entities are evaluating EDAM now and clarity on WEIM RSE will help inform that assessment.

Opportunities for Continued RSE Refinement

Phase 3

- Status quo failure consequence is inequitable.
  - Explore improvements to assistance energy which could garner support for mandatory application.
  - Allow entities to opt out of assistance energy *if* they can use other tools to avoid leaning on EIM.
- Evaluate "in-market" pricing for Emergency Energy.
- Continued evaluation of "consistent" application of RSE.
- Understanding interplay with EDAM is important to evaluate that proposal.

Ongoing

- Continued evaluation of the role of load conformance.
  - Lack of 1-for-1 impact is not conclusive that load conformance doesn't impact outcomes.
  - Use of load conformance (and thus potential impact) could be reduced with changes pursued in other initiatives.
- Assessment of quantile regression methodology to calculate uncertainty.
- Ongoing monitoring by DMM could help identify additional areas for improvement.