



California ISO

WESTERN EIM

Decision on resource sufficiency evaluation enhancements phase 2

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Management proposes several enhancements that increase the reliability of WEIM balancing authority areas

- Proposals that fall under joint authority of the WEIM Governing Body and ISO Board of Governors:
 - Provide for assistance energy transfers for WEIM areas that fail the resource sufficiency evaluation
 - Ensure the resource sufficiency evaluation only considers each balancing authority's demand and firm export obligations
- Proposal that falls under WEIM Governing Body's advisory role:
 - Align tagging rules with the quality of different market products

Management proposes a new assistance energy transfers service for WEIM areas that fail the resource sufficiency evaluation

- Allows the WEIM to provide reliability benefits to capacity or flexibility deficient balancing authorities
- Assistance energy transfers are subject to an after-the-fact surcharge based on WEIM transfers
 - Revenue from assistance energy transfers allocated pro-rata to net WEIM exporting balancing authorities
 - Available balancing capacity, or its equivalent will be credited against the transfer amount surcharge
- Allows each balancing area to elect whether to receive assistance energy transfers or remain under the status quo
 - Cost sub-allocation at discretion of each WEIM balancing authority; would be allocated to demand and exports for the ISO area

Management proposes an enhancement to ensure the resource sufficiency evaluation only considers each balancing authority's demand and firm export obligations

- Analysis shows ISO low priority exports are often the result of WEIM supply offers in the real-time market
- Including low priority exports in ISO's sufficiency obligation has led to inappropriate ISO failures
- No changes are proposed to the current rules that allow other WEIM areas to count ISO low priority exports as supply in their resource sufficiency evaluation

Management proposes a change to align the tagging rules with the quality of different market products

- Provides clarity to receiving area of the quality of the interchange product
- Firm provisional designation will apply to ISO low priority exports, indicating:
 - Energy will not be curtailed for economic reasons
 - Receives lesser priority to ISO load
- Clarification is consistent with existing tariff provisions that prioritize ISO load over lower priority exports

Stakeholders broadly support the proposed ability to receive assistance energy transfers as an improvement to reliable operations, however the following concerns were raised

- Select stakeholders expressed concern that the after-the-fact surcharge does not send the correct price signal to resource deficient WEIM balancing areas
 - Management plans on future initiatives to consider this concern as part of a more comprehensive solution
- Some stakeholders internal to the ISO balancing area prefer a more granular cost allocation
 - The proposed cost allocation is consistent with emergency assistance and emergency dispatch instructions

Stakeholders broadly support changes to low priority export counting and tagging rules

- Most stakeholders agree with changes to not count lower priority exports in the ISO balancing area's resource sufficiency evaluation obligations
 - Some stakeholders raised concerns with allowing WEIM balancing area's to count ISO's lower priority exports as supply
- Stakeholders recognize the benefits of aligning the tagging rules associated with lower priority exports
 - Some stakeholders are concerned how this impacts their existing operational practices

Management recommends the Board of Governors and WEIM Governing Body approve the proposed enhancements

- Management recommends the WEIM Governing Body and ISO Board of Governors approve the joint approval elements:
 - Proposal for assistance energy that leverages the WEIM to increase reliability for balancing authorities experiencing energy or flexibility deficiencies
 - Proposal to exclude low priority exports from the ISO's resource sufficiency evaluation ISO's obligation
- Management recommends the WEIM Governing Body support and the ISO Governing Board approve the proposed tagging rule enhancements to reflect the attributes of lower priority ISO exports