

# WESTERN ENERGY IMBALANCE MARKET

## Decisions on imbalance conformance enhancements proposal

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# Balancing area operators manually adjust load forecast to reflect actual system conditions

- CAISO refers to these load forecast adjustments as *imbalance conformances* because the adjustments are made for a variety of reasons.
- Imbalance conformance is necessary because the market is not always able to perfectly model actual system conditions. This can occur due to deviations in:
  - Forecast
  - Generator output
  - Intertie schedules
  - Outages

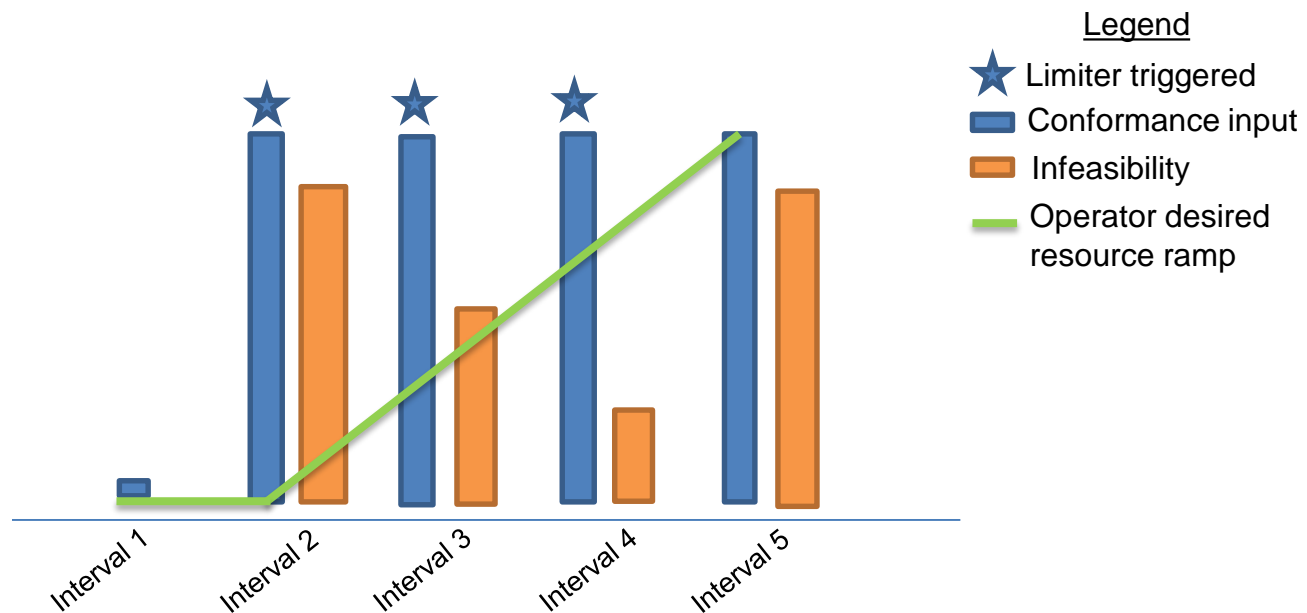
# Proposal has been separated for decisional purposes

- EIM Governing Body primary role:
  - Tariff change explicitly authorizing imbalance conformance by EIM balancing areas
- EIM Governing Body advisory role:
  - Tariff change explicitly authorizing imbalance conformance by ISO balancing area
  - Tariff change allowing use of the conformance limiter in the real-time market
  - Enhancements to the conformance limiter
- Majority of stakeholders support decisional classification

# Imbalance conformance limiter mitigates operator imbalance conformance impact on market prices

- ISO market sets pricing at relaxation parameters when unable to balance load and supply
  - \$1,000/MWh for shortage and -\$150/MWh for oversupply
- Operator imbalance conformances are typically “coarse”
  - Input “coarse” adjustment in one interval instead of ramping across multiple intervals
  - May result in the market being unable to balance supply and load, setting prices at relaxation parameter
- Imbalance conformance limiter avoids relaxation parameter prices by limiting adjustments to available energy bid quantity
  - Results in pricing based on highest priced bid

# Proposed enhancements reflect imbalance conformance limiter is intended to address coarse adjustments



- Enhanced limiter triggers based on changes between intervals, while previous logic was based on single interval

# Propose to clarify tariff language authorizing ISO and EIM balancing areas' ability to perform imbalance conformances

- The tariff currently gives the ISO discretion to create a load forecast it deems appropriate to maintain grid reliability
- Propose to expand tariff language to provide transparency
  - Authorize ISO and EIM balancing areas to perform imbalance conformances
  - Authorize use of the imbalance conformance limiter
- All stakeholders support the proposed tariff clarifications

# Stakeholders generally support the imbalance conformance enhancements with some exceptions

- SCE maintains revised limiter logic should be implemented in addition to existing limiter logic
- Powerex maintains imbalance conformance limiter will suppress valid scarcity prices
- Management committed to stakeholders to propose to remove limiter in two years
  - Operational tool enhancements will reduce operator need to make coarse adjustments

Management recommends the EIM Governing Body approve authorization of imbalance conformance by EIM balancing areas:

- Tariff changes are supported by stakeholders and improve transparency

Management recommends the EIM Governing Body support proposed limiter enhancements and tariff clarifications:

- Imbalance conformance enhancements will enable the limiter to trigger more appropriately
- Tariff changes improve transparency by authorizing use of the limiter and imbalance conformance by ISO BAA