

# WESTERN ENERGY IMBALANCE MARKET (WEIM)

## Regional Issues Forum

March 18, 2024



# Regional Issues Forum Roundtable – Overview and Agenda

- Provide an open and transparent stakeholder forum to review and discuss sector-level priorities for the 2024 Policy Initiatives Catalog and Roadmap
- Agenda:

Review of process and outcomes	~2 minutes
Sector Presentations	1:10-2:15
Comments by stakeholders not assigned to sectors and public comments	2:15-2:45
Summary of input, themes, and priorities	2:45-2:55
Body of State Regulators, EIM Governing Body, and ISO management remarks	2:55-3:15
Closing and next steps	~2 minutes

# Regional Issues Forum Roundtable – Process and Work Product

- Sector liaisons have compiled feedback from members regarding themes, issues, and priorities for consideration in the 2024 process
  - Review of stakeholder comments submitted to the CAISO
  - Communication and coordination with sector members
  - Requests for input on process and approach
- Following today's discussion, the RIF will prepare a written report
- Roundtable discussion will be iterative and annual
  - Please provide input following this meeting to sector liaisons to inform subsequent years' process

# EIM Entity Sector – RIF Roundtable

# Feedback on the Policy Catalog Process

- Appreciates the CAISO's recent clarity on the process for stakeholders to resubmit prior policy initiative submissions, the inclusion of the Regional Issues Forum Feedback, the working groups in the roadmap development process, and the decision-making criteria for the prioritization of policy initiatives.
  - The EIM Entities are eager to participate in the process.
- However, it remains unclear how CAISO plans to measure the effectiveness of the new roadmap and catalog process and how urgent submissions will impact the prioritization of ongoing initiatives.

# EIM Entity Policy Catalog and Roadmap Feedback

- Support the continuation of the Resource Sufficiency Enhancements with a focus on the de minimus tolerance band.
- Prioritization of Demand Response Enhancements that focus on dispatchable resources within the EIM footprint.
- Continued support for the development of the Price Formation, GHG, and Gas Management Workshops into stakeholder initiatives.
- Additional support for storage enhancements, metering enhancements to create clear metering guidelines, request for enhancements for scheduling below  $P_{min}$ , accounting for upward transition costs in settlements after economic commitments to lower configurations, and zero DOTs causing infeasible solutions.

# Common Themes and Priorities

## **CONTINUING HIGH PRIORITY EFFORTS**

### **1. Price formation**

- Scarcity pricing
- Fast start pricing
- Market power mitigation and default energy bids
- Bid-Caps (storage & NGRs)

### **2. GHG Coordination Working Group**

### **3. Gas Resource Management**

## **NEW HIGH PRIORITIES**

### **1. RSE Enhancements**

- De minimus tolerance bands

### **2. Demand Response**

### **3. Storage**

### **4. Metering**

### **5. Settlement Enhancements**

### **6. Resource Modeling and Dispatch Enhancements**

# California ISO Participating Transmission Owner Sector – RIF Roundtable



# Process and Prioritization - Overview

- Input reflects proposed policy submittals by CAISO Participating Transmission Owners
  - PG&E, SDG&E, SCE, and the Six Cities submitted policy proposals to the CAISO
  - Input also requested from sector representatives (all PTOs)
- Proposed initiatives reflect policy topics related to the EIM/EDAM and policy topics pertaining to the CAISO as the Balancing Authority
  - Joint authority proposals and proposals that may be subject to the CAISO Board of Governors' primary authority
  - All policy proposals must align with CAISO strategic planning objectives and will require CAISO and stakeholder resources
  - Proposals are not intended to prejudge decisional classifications under applicable governing documents

# Policy Proposal Overview

- Pacific Gas and Electric Company
  - Ancillary services provided by solar resources
  - Long duration energy storage initiative
  - Revision of demand response control group settlement methodology to improve accuracy and operational feasibility
  - CAISO BAA reliability and CAISO day ahead self-schedules
- San Diego Gas & Electric Company
  - FERC Order No. 831 alignment for energy storage resources

# Policy Proposal Overview (continued)

- Southern California Edison Company
  - Ancillary Services pay-for-performance accuracy calculations
  - Evaluating and addressing market rule inconsistency among 5/15/60 minimum bid options for Demand Response resources
  - Remove Reliability Demand Response Resources discrete dispatch limit of 100 MW
  - Aligning energy storage bid cap with FERC order 831
- Six Cities
  - Enhancements to Maximum Import Capability, including exploration of MIC calculation and allocation methodologies
    - Joint submittal with California Community Choice Association and Shell Energy North America

# Consumer-Owned Utilities Sector – RIF Roundtable

# Process Feedback

- Support for the larger stakeholder role in the revised roadmap process and through RIF Roundtable.
- Seek more information about resources required for each initiative to provide feedback weighing trade-offs of taking on various topics.
- Create a process for “fast tracking” issues that require more immediate policy changes.
- Interest in better understanding how topics flow from workgroup development to formal initiative.
- Concerns about instances where issues of interest to the sector were initially included in scope but were later revised out of scope. We would like to better understand how to influence these changes.
- Suggest identifying sectors supporting each initiative to aid in tracking whether specific initiatives meet stakeholder needs, become obsolete, etc.

# Higher Level Strategy/Objective Feedback for Consideration

The COU sector identified two areas that we would like to see highlighted for each initiative in the stakeholder process:

1. Incongruencies in policies or market design (“seams”)
  - These exist internal to the CAISO BAA and between external programs and markets.
  - Evaluating for each proposal whether there are potential implications for existing rules within the CAISO market or discrepancies with neighboring programs or policies would be helpful.
  - Potential for future initiatives related to these issues (e.g. interface pricing)
2. Clear delineation in the role of CAISO in the discussion
  - CAISO is in a position where it sometimes needs to provide input as a Market Operator and sometimes as a BAA.
  - Both perspectives are important and valid, but confusion is created due to a lack of clarity about which role CAISO is taking in which initiatives.
  - For some initiatives, CAISO will need to provide both perspectives.
  - A more deliberate and clear approach to providing these perspectives could help address stakeholder concerns about CAISO’s dual role.

# COU Priority Initiatives

## **Continuation of existing initiatives /formalizing outcomes of working groups:**

- 1. Price formation**
  - Scarcity pricing
  - Market power mitigation and default energy bids
- 2. Storage enhancements**
  - Bid cap limitations (including hydro)
  - RTM scheduling enhancements
- 3. GHG Coordination Working Group**
- 4. Gas Resource Management**

## **Initiatives outside of WEIM/EDAM:**

- 1. Transmission Planning**
  - Systematic reevaluation of projects
  - Guidance for maximizing existing transmission
- 2. RA Modeling and Program Design**
  - Reliability modeling, MIC enhancements, addressing outages
  - Hydrogen electrolyzer rules
- 3. CRR Enhancements**
  - Bifurcate Peak CRRs
  - Address Trading Hub counterflows
  - Eliminate global derate factor
  - Willing sellers auction

# Independent Power Producers & Marketer Sector – RIF Roundtable



# IPP and Marketer Sector – “Competitive Sector”

- IPP and Marketer sector is incredibly diverse with a voluntary registration of seventy-six entities that engage in, or are representing entities engaged in, transactions within WEIM footprint
- Connecting belief is that well-functioning competitive wholesale electricity markets are the best foundation to reliably power our grid at the lowest cost while fostering innovation necessary to achieve critical environmental progress.
- Within these 77 entities this sector includes:
  - Competitive power providers operating diverse mix of resources including gas, wind, solar, storage, co-located or hybrid assets.
  - Competitive electricity service providers (e.g, ESP)
  - Power marketers
  - Financial marketers
  - Developers
  - Trade associations representing the above

# 2024 Policy Catalogue Process

- Competitive sector approached this effort with perspective that initiatives are the vehicle for addressing scope, while the catalogue list is the inventory of issue statements (scope)
- Competitive sector developed a list of **forty** issues impacting our diverse sector that are scopes of work we believe largely be incorporated into currently planned initiatives
  - Identified items in the previous catalogue continued to be issues meriting resolution
  - Revised previous catalogue items no longer relevant into relevant issue statements based on today's operations
  - Developed new issue statements for issues identified recently
- IPP and Marketer sector submission to 2024 policy catalogue at:  
<https://stakeholdercenter.caiso.com/Common/DownloadFile/f9821926-845a-410c-95c0-1057656d0158>

# Competitive sector has identified 5 high-priority categories made up of 27 priority issues

Potential Initiatives (Vehicles for Scope Items)	Designation	Issues #
<b>Governance Enhancements</b> Stakeholder process enhancements	Joint Authority	1 Urgent
<b>Intertie trading enhancements*</b> Load conformance impacts on intertie transactions and bidding on CAISO or external WEIM interties	Joint Authority	2 Urgent 3 Others
<b>Non-Generator Resource Enhancements*</b> Bidding and mitigation rules**, foldback modeling, and outage improvements among other issues	Joint Authority	4 Urgent 12 Others
<b>Price formation enhancements</b> Scarcity pricing, fast start pricing, greenhouse gas functionality impact on pricing, and emergency assistance energy pricing	Joint Authority	4 Urgent
<b>Transmission Planning Process Enhancements</b>	Advisory Authority	1 Urgent
<b>Total</b>		<b>12 Urgent</b> <b>15 Others</b>

\*Note, Other issues fit into each of the high-level groupings and range from medium to low urgency but should be reviewed in scoping any initiatives in light of whether addressing sooner is best path for addressing the collective issues in a reasonable timeframe.

\*\*Bidding rules include challenges reflecting opportunity costs when Hard Energy Bid Cap is in effect, which many entities flagged as an issue.

# Public Interest Organizations and Consumer Advocates Sector – RIF Roundtable

# 2024 Annual Catalog Submittal (Public Advocates Office)

- Allow competitive bidding on transmission projects over 100kV.
  - Increase scope of projects eligible for competitive bidding. For projects between 100kV and 200kV, projects should be eligible if clear, measurable regional benefits exists. CAISO should determine the benefits a project must provide to qualify.
- Add a schedule incentive clause in standard terms to the approved project sponsor agreement(“APSA”).
  - Timely completion of projects can help contain costs, maintain grid reliability, and fulfill climate goals.
- Add enforcement of cost containment terms to the APSA.
  - Add provision to APSA terms that the project sponsor agrees all terms are legally binding and enforceable in a FERC rate case, including maximum cost and cost containment measures. Add statement that cost overruns not accepted in Appendix E are not recoverable, and FERC has authority to enforce these measures.

## 2024 Annual Catalog Submittal (CLECA)

- Allow reliability demand response resources (“RDRRs”) to reflect minimum on times greater than one hour to more accurately reflect RDRR run times in CAISO’s market optimization and dispatch. Also address issue of RDRR minimum on time not being considered in economic evaluation of dispatch.
  - June CPUC decision allows CAISO to use RDRR upon declaration of an Energy Emergency Alert Watch 1 (“EEA 1”), which allows CAISO to enable bids for the resources into market before EEA 1. Concerned about increased chances of economic dispatch and attrition of customers from retail programs, reducing RDRR capacity. Also need resources' physical operating characteristics to be accurately reflected in order to effectively optimize dispatch of RDRR.

# 2024 Annual Catalog Submittal (CLECA)

- Explore methods to consider fixed costs in economic dispatch decisions for RDRRs.
  - Participating customers incur fixed costs associated w/ curtailment and startup per dispatch event rather than based on event duration. No currently reflected in RDRR dispatch parameters.

# Other Priorities

- Seams issues and minimizing impacts.
- Market functionality.



# PIOs – Who are we? What is our position?

- **Public Interest Sector** – clean energy advocates, public interest research and advocate organizations, non-governmental organizations and academia
- **Overarching position of PIOs**
  - Good market structures to be reflective of public interest goals - transparency in governance and market rules, efficiencies in market operation that reflects innovation and changing grid conditions; fairness of pricing resources – demand and supply side; recognition of grid decarbonization investments and public policies of states; always sustain reliability.

# Policy Initiatives Catalog and Priorities

- Policy Initiatives catalog process has demonstrated improvements in soliciting stakeholder feedback
- Measuring the impact and effectiveness of new Roadmap - Unsure
- Request that CAISO staff engagement in prioritizing process – continue to be transparent.
- Issues/Priorities of high interest:
  - Governance and stakeholder engagement – Joint Authority
  - GHG related Price Formation
  - Continued improvements to modeling DR and participating load
  - Role of CAISO as a BA versus Market Operator – deserves clarity
  - Modeling storage with high/low state charging conditions
  - Enabling non-generating resources (NGR) to participate in inter-SC physical trading
  - Transmission Planning and avenues for future interregional transmission planning

# Power Marketing Administration Sector – RIF Roundtable

# Feedback on the Policy Catalog Process

- Appreciate the opportunity for engagement and to provide initiative proposals to the CAISO.
- Recommend considering a change to the sequencing:
- Current process:
  - Late January: CAISO stakeholder meeting about the policy process
  - Month of February: RIF liaisons seek input from sectors on initiative priorities and ranking
  - February 28th: New policy initiatives due to CAISO
  - March 18th: RIF roundtable on priorities.
- Suggest switching the order of the two highlighted steps to provide an opportunity for sectors to consider and prioritize stakeholder-submitted initiatives prior to the RIF roundtable.

# Current Roadmap

- Support continuing with the current roadmap as planned.
  - Completion of Price Formation Enhancements initiative is high priority
  - Launch RSEE Phase 3 on schedule to address RSE failure penalties and elements of RSEE Phase 2 that were put on hold.
  - GHG Coordination working group

# New Initiative Priorities for 2025

- Address seams, with a specific focus in the operating time horizon.
  - Request that CAISO resource and support the seams work as more information arises regarding market footprints in the West.
- Change the Non-Generating Resources (NGR) bid cap under 831 conditions to allow NGRs to bid up to \$2,000 during high-price conditions. (related to Price Formation but not currently in scope for PFE)
- Support BPA's submitted initiatives to improve operational and settlement functionality in the WEIM.

# Input from Stakeholders Not Identified with a Sector and Public Comment

# Summary of Sector Input, Themes, and Priorities



# Summary and Discussion Synopsis

- Consideration of issues related to management of seams with respect to policy and market design
  - Assess implications for existing rules, enable coordination with external entities, and commencement of possible new initiative(s)
  - As new structures in West are developed, assess operational implications
- Reconciliation of CAISO roles as market operator and balancing authority/transmission operator
- Support for continuation of existing initiatives
  - Price Formation Enhancements
  - Greenhouse Gas Coordination
  - Gas Resource Management
  - RA Modeling and Program Design

# Summary and Discussion Synopsis

- Widespread support for energy storage enhancements
  - Sectors identify a range of topics and emphasize prioritization of Order No. 831 implementation and enhancements
  - Includes non-generator resource model enhancements
- Proposals for new initiatives
  - Resource Sufficiency Evaluation-related topics
    - Re-engagement on Phase 3
  - Intertie trading enhancements
  - Transmission Planning Process Enhancements
    - Re-engagement on previously-commenced initiative
  - Enhancements of rules related to demand response
    - Including, but not limited to, RDRRs
- Process improvements (Catalog/Roadmap/Roundtable)

# Remarks on behalf of the WEIM Body of State Regulators, the WEIM Governing Body, and the CAISO

# Closing and Next Steps

- Questions or comments by stakeholders following today's discussion may be submitted to sector liaisons
  - [WEIMRegionalIssuesForumSectorLiaison.pdf \(westerneim.com\)](https://www.westerneim.com/WEIMRegionalIssuesForumSectorLiaison.pdf)
  - Stakeholders not assigned to a sector may contact RIF Chair/Vice Chair
- RIF liaisons to prepare written report summarizing sector input and documenting common issues and themes

# WESTERN ENERGY IMBALANCE MARKET (WEIM)

Regional Issues Forum

**Break**

Resume at 3:30 p.m. PST

