



Market Expert Evaluation Prepared for WEIM Governing Body

WEIM Resource Sufficiency Evaluation Enhancements, Phase 2

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Market Expert Evaluation

Purpose

Summarize opinions regarding priority issues identified by WEIM Governing Body.

- Treatment of HASP Exports in WEIM RSE
- Assistance Energy Transfers proposal

Comments herein pertain to CAISO's "EIM Resource Sufficiency Evaluation Enhancements, Phase 2," Final Proposal, September 30, 2022, which is subject to revision

- The proposal to exclude certain* CAISO HASP-scheduled exports from the CAISO RSE while including them in the RSE of importing BAAs is a reasonable compromise, provided CAISO:
 - Implements improvements and fixes to the RSE software identified by the CAISO and DMM, such as excluding export bids that have not cleared HASP from BAAs' base schedules
 - Continues to prevent HASP exports from reducing the flexible ramp-up capabilities of the EIM below a reliable level
- These improvements will reduce the potential reliability impact of the HASP export compromise.

** High priority block hourly export transfers and day-ahead cleared lower priority exports will be included in the CAISO RSE. Herein, as shorthand, all HASP exports excluded from the CAISO RSE are called "LPT exports;" this terminology should not be confused with that used elsewhere.*

- With the compromise, WEIM market participants relying on HASP LPT exports should plan and monitor for the possibility of curtailment.
 - Curtailments of LPT exports may occur to maintain reliability, especially if flexible ramp-up is depleted
 - HASP LPT exports (among other LPT schedules) are not firm
 - Export curtailments are most likely when the CAISO enters EEA 2
- CAISO should explore whether additional advance information could be provided to BAAs to alert them to potentially imminent curtailment of LPT HASP-scheduled exports.

Market Expert Evaluation

HASP Exports

- I agree with the MSC suggestion to explore modification of the RSE treatment of HASP exports under tight system conditions.
 - This could occur in a subsequent Phase, after RSE market rules have been completed for the summer of 2023
 - For instance, under specified conditions, LPT HASP exports not scheduled in the day-ahead market might be excluded from the RSE of importing BAAs in whole or in part
- The objective would be to reduce the possibility of curtailment and strengthen the reliability of the entire WEIM under tight conditions.

- The WEIM design should continue to support the provision of assistance energy to BAAs.
- The CAISO is revisiting its September 20, 2022 Assistance Energy Transfer proposal.
 - The opt-in / opt-out feature creates BAA incentives inconsistent with maintaining reliability and efficient energy supply
 - The “opt out” alternative potentially carries forward an inadequate incentive for some BAAs to be resource sufficient
 - The opt in penalty is too high during non-stressed WEIM conditions, inefficiently limiting the provision of assistance energy to BAAs
- The current software implementation should prevent any decrease in the reliability of BAAs providing the assistance energy; suggest DMM monitor this, if possible.

- Penalties for failing the RSE should balance the objectives of: 1) enforcing the resource sufficiency requirement; and 2) enabling efficient provision of assistance energy to BAAs.
 - Under the current proposal the potential penalty from opting in appears to be too large relative to the reliability risk of opting out, except under very stressed conditions
 - I strongly agree with the MSC suggestion of a tiered penalty for BAAs accepting emergency assistance energy
 - Modification of the opt out penalty might also investigate scaling alternatives
- A strong proposal would have the characteristic that each BAA would be able to either opt in or opt out, as best suits its circumstances, with little or no reason to toggle its status.