



Extended Day-Ahead Market Working Group 1: *Supply Commitment and Resource Sufficiency Evaluation*

Resource Sufficiency Evaluation details

Facilitator: Phil Pettingill

Scribe: Bob Kott

February 23rd, 2022

2nd Meeting : Friday, 9 – 11 a.m.

Agenda:

Time:	Topic:	Presenter:
1:00 – 1:05	Welcome/introductions	Kristina Osborne
1:05 – 1:15	Continued discussion on RSE Failure Consequences	Phil Pettingill
1:15 – 2:50	ISO thoughts on a financial approach	Danny Johnson
2:50 – 2:55	Recap of discussion	Bob Kott
2:55 – 3:00	Upcoming topics	Phil Pettingill

Reminders:

- These collaborative working groups are intended to foster open dialogue and sharing of ideas and perspectives
- Please raise your hand if you have a question or comment at any time during the meeting and the facilitator will call on you
 - Please start by stating your name and affiliation
- Meetings are recorded and video files posted on corresponding working group webpages
- Stakeholders are welcome to present perspectives at these meetings
 - Please submit a request to present using the link located on the EDAM Resources slide at the end of this presentation

Today's Objectives

RSE Failure Consequences continued:

To the extent an Entity fails the RSE; what actions should be taken?

- Limiting participation of transfers
 - If any hour fails, the current thought from the ISO is to limit the failed hour to the Bucket 1 Transfer limit
 - **Most parties wanted to explore a financial approach**

- Financial penalties
 - Hourly / Daily assessment
 - High risk periods – seasons, hours
 - Frequent failures / Progressive penalties?

Financial Consequences – Hurdle Rate

During failed hours, limit transfers. Relax limitation and allow transfers once a predefined hurdle has been met

- Can be used to ensure supply within a deficient BAA is utilized; depending on size of the hurdle rate
- Ensures entities who supported the incremental transfers are compensated
- Potential for prices to deviate from prevailing bilateral prices depending on the size of the hurdle rate
- Would it be optional for BAA to cure day-ahead resource insufficiency through this process?
- How would revenue be allocated?

Financial Consequences – IFM Re-Run

Run the day-ahead market with no transfer limitation. Between the publication of the day-ahead results and RT, rerun with only bucket 1 transfers. Charge deficient BAA the redispatch cost

- Ensures entities, that were resource sufficient, that support the transfer are compensated
- Is potential price difference significant incentive to be resource sufficient prior to the day-head?
- Would it be optional for BAA to cure day-ahead resource insufficiency through this process?

Options to Cure Day-Ahead Insufficiency – Energy and Imbalance Trading “Bid Range Trading”

Provide a hosted platform where EDAM BAA's or third party entities could make available surplus supply (paired with bucket 1 transmission) for purchase by deficient BAA

- Agreed transactions would be reflected in test requirement
- Modeled as matching ETSR's; potential for this to be done on demand through SIBR
- Is there interest in this being a CAISO provided platform?

Options for day-ahead procurement decisions

Any EDAM BAA would have the ability to make day-ahead procurement decisions

- Would this be BAA specific?
- What would be the rate for compensation?
- How would this work under EDAM BAA's OATTs

Are additional mechanisms needed to ensure high reliability?

- Is the existing HASP reversal policy sufficient?
- Are additional penalties necessary to incentivize tagging? Would these penalties be discriminatory? A potential option could be:
 - The great of FMM/RTD price (α)
 - # of hours where $> x\%$ of non-EDAM import fails to deliver (β) during previous 7 days
 - # of hours where $> x\%$ of non-EDAM import fails to deliver (α) during previous 30 days
 - Potential Option: = $[\alpha * (1 + ((\beta * 0.25) + (\gamma * 0.25)))]$

Check In

- Continue discussion on relevant RSE Scope topics
 - Discuss Failure Consequences
- Next Steps

Friday, Feb. 25 meeting from 9 – 11 a.m.

- Briefing on the function of:
 - Residual Unit Commitment
 - Virtual Bidding

Questions?

EDAM Resources

- List of [*Common EDAM design principles and concepts*](#)
- Initiative and working group webpages:
 - EDAM initiative webpage:
<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Extended-day-ahead-market>
 - Working Group 1 webpage:
<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Extended-Day-Ahead-Market-Working-Group-1-Supply-Commitment-Resource-Sufficiency-Evaluation>
 - The working group webpages include meeting materials, initial scope items, and weekly summary reports
- Please submit EDAM WG inquiries and/or requests to present at <https://www.surveymonkey.com/r/EDAMWG-Inquiries>
 - Presentations due 5 business days prior to the meeting where they are scheduled to present, if time allows
- [Register](#) for working groups to help the ISO gauge interest and facilitate communication throughout process.
- Nov 30, 2021 Day-Ahead Market Overview Training: <https://youtu.be/lbXRsfVbCg>