

WESTERN ENERGY IMBALANCE MARKET (WEIM)

Regional Issues Forum

CAISO Annual Policy Initiatives Roadmap Process - 2024:
Discretionary Initiative Prioritization Working Group 2

Overview and Summary of Roundtable Report to the WEIM
Governing Body

May 8, 2024



Regional Issues Forum Roundtable – Background and Process Overview

- Final Proposal for WEIM Governance Review – Phase 3 (EDAM)
 - Expanded role for the RIF in identifying and prioritizing discretionary policy initiatives
 - “Roundtable discussion” of sector priorities prior to CAISO publication of proposed policy initiative prioritization
- CAISO Policy Initiatives Catalog and Roadmap Process Enhancements (Dec. 20, 2023)
 - Discussion of enhanced process for prioritization of initiatives, including expanded stakeholder collaboration and alignment with CAISO internal planning
 - RIF roundtable included as a step in CAISO prioritization process

Regional Issues Forum Roundtable – Background and Process Overview

- First annual roundtable meeting – March 18, 2024
- Liaisons for each sector presented sector-level input regarding themes, issues, and priorities
 - Based on review of stakeholder comments and initiatives submitted to the CAISO, sector meetings and communications, and requests for input on process and approach
 - Initial synthesis of common priorities among sectors
 - Remarks on behalf of the Body of State Regulators, the WEIM Governing Body, and ISO management, and public comment
- Roundtable report published on April 30th
 - Available at https://www.westerneim.com/Documents/Regional_Issues_Forum_Policy_Roundtable_Report.pdf

Policy Initiative Priorities – Common Themes

- Support for continuation of ongoing CAISO initiatives
 - Price Formation Enhancements
 - Greenhouse Gas Coordination
 - Gas Resource Management
 - Resource Adequacy Modeling and Program Design
- Bid cap limitations for Non-Generator Resources
 - Priority for multiple sectors
 - Support for both expedited consideration of measures for summer 2024 and longer term solutions
 - CAISO has since transitioned this issue to policy development

Policy Initiative Priorities – New Policy Initiatives

- Sector support for initiation of new policy initiatives
 - Resource Sufficiency Evaluation-related topics
 - Including reengagement on RSE Enhancements Phase 3
 - Intertie trading enhancements
 - CAISO Transmission Planning Process Enhancements
 - Including reengagement on previously-commenced initiative and/or new initiative
 - Enhancements of rules related to demand response
 - Including, but not limited to, participation rules of Reliability Demand Response Resources

Policy Initiative Priorities – Cross-Cutting Priority Topics

- High priority topics not specific to any one initiative
 - Consideration of issues related to management of seams with respect to market policy and design
 - Reconciliation of CAISO roles as market operator and balancing authority/transmission operator
 - Governance rules and stakeholder engagement in expanded market
- Some initiatives are focused on WEIM and Extended Day Ahead Market issues and topics while others are specific to the CAISO
 - Prioritization will require balancing of interest and priorities with emphasis on transparency

Western EIM Entity Sector Priorities

- Supports continuation of Price Formation Enhancements, GHG Coordination, and Gas Resource Management initiatives
- Supports commencement of new initiatives related to RSE, DR, storage, metering, settlement, and resource modeling and dispatch
- Encourages CAISO to provide clarity on how effectiveness of new Catalog/Roadmap Process will be measured
- Need for process to address urgent initiatives

California ISO Participating Transmission Owner Sector Priorities

- Supports new initiatives related to
 - Enhancements to ancillary services participation
 - Long duration energy storage
 - DR enhancements, including Reliability Demand Response Resources improvements
 - CAISO balancing authority area reliability
 - Including consideration of issues related to day-ahead self-scheduling
 - Enhancements to Maximum Import Capability calculation and allocation methodologies

Consumer-Owned Utilities Sector Priorities

- Supports continuation of existing initiatives
 - Price Formation Enhancements, Storage Enhancements, GHG Coordination, Gas Resource Management, and RA Modeling and Program Design
- Supports new initiatives to address topics of transmission planning and Congestion Revenue Rights enhancements
- Emphasizes consideration of seams and delineation of CAISO role as cross-cutting themes
- Includes detailed recommendations for process improvements and areas for procedural clarification

Independent Power Producers & Marketer Sector Priorities

- Supports continued consideration of the following issues:
 - Bidding rules on external WEIM interties
 - RSE Enhancements Phase 3
 - Price Formation Enhancements
 - Market Clearing Prices in Contingency Events
- Supports the following new initiatives:
 - Stakeholder process improvements
 - Energy storage topics: bidding rules, outage management, foldback modeling, and mitigation enhancements
 - GHG functionality improvements
 - Load conformance and intertie transaction improvements
 - Transmission Planning Process enhancements

Public Interest Organizations and Consumer Advocates Sector Priorities

- The PIO/Consumer Advocates Sector supports consideration of the following topics in new initiatives:
 - Proposals to enhance the CAISO's competitive solicitation process in the Transmission Planning Process
 - Enhancements to rules related to Reliability Demand Response Resources
- Also supports consideration of issues related to seams between the WEIM and other emerging market structures in the West

Power Marketing Administration Sector Priorities

- Supports continuation of Price Formation and GHG Coordination initiatives, and reengagement on the RSE Enhancements Phase 3 topics
- Supports initiative to improve operational and settlement functionality
 - Address process for resolution of disputes and inappropriate or anomalous market outcomes
 - Consideration of dual submittals of base schedules and a WEIM entity to set default limits for dynamic and static ETSRs
- Urges prioritization of seams considerations in the operating horizon

Next Steps for the Regional Issues Forum in the Policy Roadmap Prioritization process

- The RIF will continue to monitor and engage in the policy roadmap prioritization process
- RIF will work with CAISO staff to identify lessons learned and incorporate process changes into next year's process

Questions and Discussion

RIF Sector Liaisons

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