



**COMMENTS OF NV ENERGY
EIM OFFER RULES TECHNICAL WORKSHOP
DATED JULY 19, 2018
CAISO STAKEHOLDER PROCESS**

August 2nd, 2018

NV Energy is appreciative of the opportunity to comment on the discussion from the July 19th EIM Offer Rules Workshop. In the workshop, CAISO stated that the “ISO will not pursue any policy initiative for the real-time resource sufficiency test and that the day-ahead market enhancements will address many of the real time resource sufficiency test concerns”.¹ NV Energy is not supportive of what appears to be the CAISO’s rescinding of its prior commitment on this issue. As a reminder, the CAISO committed to a real-time flexible ramp sufficiency test stakeholder initiative in the 2018 Final Policy Initiative Roadmap.² Further, it seems inappropriate for the CAISO to unilaterally defer an initiative that has had active stakeholder engagement and support from the EIM Entities - the primary stakeholder group directly impacted by this resource sufficiency test.

At the workshop, the CAISO proposed that the Day-Ahead Market Enhancement (DAME) initiative would address the *frequency* in which this test is applied to EIM Entities through the 15-minute scheduling policy proposal. Addressing the testing frequency does not address the broader concerns of the EIM Entities regarding the real time sufficiency test as described further below.

NV Energy agrees with other stakeholders that the DAME scope is already too large in scope. Accordingly, NV Energy strongly recommends that the CAISO commence a separate initiative focused on improvements to the EIM real-time sufficiency test. The more targeted scope will focus the discussion and address the unwarranted complexities of the current test that detracts from the efficiencies to be gained by EIM participation. Moreover, targeting a separate initiative in this manner should enable the real-time flexible ramping sufficiency test enhancements to be implemented as expeditiously as possible, potentially ahead of the day-ahead market enhancements.

There are important reliability considerations driving the need for a timely and separate EIM resource sufficiency initiative. NV Energy reiterates that the current market solution of “locking” of transfers ignores ramping capability of EIM participating resources. As such, the current market solution creates large interchange transfers which at times exceed an EIM Entities’ ramping capability. This puts EIM Entities at risk of non-performance related to NERC or WECC reliability criteria and potentially jeopardizes the reliability of service within the WECC interconnect. To date, the CAISO has not identified what market solutions may be feasible to address this concern. For instance, is it possible to step in the frozen transfer by recognizing the



Balancing Authority Area ramping capability? Or could CAISO demonstrate that the real time market dynamic transfers are limited by an EIM Entities' ramp rate?

NV Energy is supportive of a resource sufficiency test failure threshold that was mentioned in the workshop. This would allow EIM Entities to continue participation in the market when failing the resource sufficiency test by a negligible amount. It is arguable as to whether or not test failures represent “leaning” when EIM Entities remain in compliance with NERC and WECC reliability standards applicable to Balancing Authority Areas. NV Energy would like the opportunity to explore these topics and potential market solutions in a targeted stakeholder initiative.

At the most recent Board of Governors meeting, the CAISO emphasized that it will continue to support a separate EIM-only participation aside from any expanded participation in the day-ahead market. To that end, improvements to the real-time resource sufficiency tests should not be delayed while day-ahead issues are further debated.

Additionally, the workshop involved an in depth discussion around whether or not available balancing capacity should be applied towards the real-time sufficiency test. NV Energy supports allowing a portion or a specific type of available balancing capacity to be applied towards the test, and would like to continue this discussion in a real-time sufficiency test stakeholder initiative.

In summary, NV Energy strongly recommends that the CAISO honor its prior commitment of addressing the real-time flexible ramp sufficiency test as part of the 2018 Final Policy Initiatives Roadmap². Reliability concerns with the current market solution warrant the CAISO addressing this issue in a timely manner and as a standalone initiative. It seems inappropriate for the CAISO to unilaterally defer this initiative given the existing reliability concerns, in addition to the level of stakeholder engagement and support surrounding the real-time flexible ramp sufficiency test initiative.

¹ July 19th EIM Offer Rules Technical Workshop – Resource Sufficiency Test.
http://www.caiso.com/Documents/ISOPresentation-Jul19_208-EIMOfferRulesTechnicalWorkshop-ResourceSufficiencyTest.pdf

² CAISO. 2018 Final Policy Initiatives Roadmap.
<http://www.caiso.com/Documents/2018FinalPolicyInitiativesRoadmap.pdf>. Page 11.