

# Notice

**To:** Angelina Galiteva, Chair, Board of Governors  
John Prescott, Chair, EIM Governing Body

**From:** Roger Collanton, Vice President, General Counsel and Corporate Secretary

**Date:** March 2, 2021

**Re:** Notice of Planned Decisional Classification for “Market Enhancements for Summer 2021 Readiness”

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***Any objection by the Chairs to this decisional classification is due by March 3, 2021.***

This is formal notice of Management’s decisional classification for the “Market Enhancements for Summer 2021 Readiness” initiative. Any objection by the Chairs to the decisional classification is due by March 3, 2021. Otherwise, this initiative will be presented for decision consistent with the classification described below.<sup>1</sup>

This initiative proposes to change market rules in order to incent supply during shortages and otherwise support the reliability of the transmission system during summer 2021, while ensuring equitable market outcomes. Each of the six elements of this initiative is severable for decisional purposes. As explained below, the EIM Governing Body has primary authority (E1) over one element, an advisory role (E2) with respect to two others, and no role with respect to the three remaining elements.

*EIM coordination and EIM resource sufficiency test review.* This element falls within the EIM Governing Body’s primary role (E1). It would modify the tariff rules governing the resource sufficiency evaluation to better account for uncertainty about load. It would also modify a tariff rule related to how the market models energy interchanges between the CAISO and other balancing authority areas in the EIM. While these proposed changes will be generally applicable to the entire real-time market, they fall within the EIM Governing Body’s primary role because they are intended to address issues specific to EIM balancing authority areas.

*Export, load, and wheeling priorities.* This element falls within the EIM Governing Body’s advisory role (E2). The rules to implement the proposed changes are not EIM-specific. Rather, the new rules would be generally applicable to the entire market footprint. This element would modify the tariff about the relative priority in the real-time market between CAISO balancing authority area

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<sup>1</sup> The process is described in [Guidance for Handling Initiatives within the Decisional Authority or Advisory Role of the EIM Governing Body](#).

load, wheel through self-schedules, and exports that are backed by non-RA resources under contract to serve load outside the CAISO balancing authority area. Accordingly, the primary driver for this change is not an issue specific to the EIM balancing authority areas.

*Real-time scarcity pricing enhancements.* This element falls within the EIM Governing Body's advisory role (E2). The rules to implement the proposed changes are not EIM-specific, but instead would be generally applicable to the entire market footprint. The primary driver for this element is the need to adjust pricing when the CAISO balancing authority area meets its real-time demand requirement with supply that it had initially designated to meet contingency reserve requirements. Accordingly, the primary driver for pursuing this initiative is not an issue specific to EIM balancing authority areas.

*Market incentives for imports during tight system conditions.* This element would change tariff rules regarding the settlement of imports into the CAISO balancing authority area. The EIM Governing Body does not have a decisional role because this element would not change rules that apply to the entire real-time market, rules that impose conditions on participation in any market timeframe, or rules that apply to EIM balancing authority areas specifically or uniquely.

*Reliability demand response dispatch and real-time price impacts.* This element changes California emergency demand response programs as they relate to resource adequacy for California and how these resources are dispatched. The EIM Governing Body does not have a decisional role, because this element would not change rules that apply to the entire real-time market, rules that impose conditions on participation in any market timeframe, or rules that apply to EIM balancing authority areas specifically or uniquely.

*Interconnection Enhancements:* This element would change tariff rules regarding the interconnection procedures of the CAISO balancing authority area. The EIM Governing Body does not have a decisional role because this element would not change rules that apply to the entire real-time market, rules that impose conditions on participation in any market timeframe, or rules that apply to EIM balancing authority areas specifically or uniquely.

The decisional classification for the individual elements of this initiative have not been addressed in a briefing to the EIM Governing Body, because those classifications were still being developed at the time of the Briefing on Policy Outlook at the January 20, 2021 EIM Governing Body meeting. The draft final proposal for this initiative is located [here](#). Additional relevant papers for this initiative are located [here](#).

Written stakeholder comments on the draft final proposal, including the proposed classification, were due February 26, 2021.

There were no objections to the decisional classification in the draft final proposal. We note that the draft final proposal did not discuss the decisional classification of the final element, Interconnection Enhancements. Although this element was discussed in the draft final proposal and is the subject of stakeholder comment, Management did not recognize at that time the need

for a tariff amendment to accomplish these changes and therefore did not propose a decisional classification for comment in the paper.