



California ISO

Extended Day Ahead Market
Working Group 1 Weekly Report

Supply Commitment and Resource Sufficiency
Week 7 Report
2/14/22 – 2/18/22

Progress Tracker

Topic	Schedule
Core Design Decision	
Resources qualifying	Discussed 1/12,19,21,24,26, 2/14,16; in progress
Expected granularity and detail	Discussed 1/10,12,19,21,31, 2/7,14,16; in progress
Ancillary Services requirement	Discussed 1/12; in progress
Transfer Reliability	
Reliability and confidence in EDAM transfers	
RSE Advisory Showing	
Characteristics of 45 day ahead advisory showing	Discussed 1/5&10; on hold
RSE Timing	
Timing of conducting the EDAM RSE	Discussed 1/10,12, 2/16; in progress
EDAM RSE Components	
Capacity Test	Reviewed concepts 1/12
Ramp Capability Test	Reviewed concepts 1/12
Test Constraints	Discussed 2/7, 14
Inputs	Discussed 2/7, 14
EDAM RSE	
Resource Qualification Rules	Discussed 1/12,19,21,24,26,31, 2/7,14,16; in progress
Failure Consequences	Discussed 2/16; in progress
EDAM to EIM RSE	
Interaction with Western RA Programs and Reserve Sharing Groups	
Reserve Sharing	
RA Programs	

Weekly Discussion

February 14

Scope Items Discussed: Resource Sufficiency Evaluation – Treatment of Imports for RSE

Presenters: Danny Johnson

Discussion

The objective of the meeting was to gain an understanding of various import arrangements and a CAISO proposed treatment and to begin the failure consequences discussion; although, the import discussion filled the entire time. The questions and comments regarding firm energy imports considerations included descriptions of the WSPP Schedule C arrangements to provide an awareness of what these look like. In general, the point of delivery and potentially the source are known in the 8-8:30am timeframe while the scheduling and tagging may be as late as 3:00pm, though usually known well in advance. Questions regarding certainty of actual delivery of the capacity generally was viewed with high confidence while some questioned the reliability when the transmission path has not been identified. The arrangements were also described as ranging from short to long term, expected to be primary mechanism to resolve any shortage in an advisory resource sufficiency evaluation (RSE), not curtailable for economic reasons, and a necessary part of the portfolio. Concerns expressed regarding tight supply conditions received responses that performance monitoring could be used to ensure the mechanism is functioning and firmness increases when parties engage in direct interaction with providers to ensure they are real. In events where a source fails, the counter party is given an opportunity to cure followed by liquidated damages for any non-delivery, so failures are rare. This example was also discussed to address concerns expressed for the potential of day ahead export curtailments. Three examples of WSPP transactions were presented and discussed to help understand expectations of these arrangements and these did generate significant discussion which in the end suggested that the key information for purposes of the RSE is to provide bids at the point of delivery, although there were alternative views expressed that information back to the source is necessary.

Conclusion:

While the objective of the meeting was to cover both import arrangements as well as consequences for failure in the discussion for this meeting, the entire discussion focused on the import topic, so the consequence for failure topic was delayed to the next meeting. The discussion revolved around the WSPP Schedule C arrangements which general were viewed as firm commitments many entities rely upon to meet short and long term short falls and they will be a necessary component of complying with the resource sufficiency evaluation (RSE). A discussion of three examples generated a diverse discussion in which the consensus seemed to suggest the WSPP Schedule C arrangements are an example of imports that could be used to satisfy the RSE with the requirement to provide a delivery point, although there were comments suggesting more details may be necessary. Further, additional details will be necessary to more fully define requirements and expectations for import resources.

February 16

Scope Items Discussed: Resource Sufficiency Evaluation – Imports and Failure Consequences

Presenters: Mark Richardson

Discussion

Imports

The objectives of the meeting were to continue the import resource discussion and begin the discussion regarding the resource sufficiency evaluation (RSE) failure consequences discussion. The meeting then continued with a review of the WSPP Schedule C concepts to understand their nature. In general they were described as providing a firm source of energy with a known point of delivery. There were comments regarding the terms “firm” and “reliable” and how they apply, so there seems to be a need for development of further definitions to specify requirements associated with imports for use in the RSE. On a related note, questions and comments related to timing and market functions suggested the need for documentation and discussion to identify areas of common expectation. These ideas will be considered for future meetings including the concept of creating a draft timeline of activities related to the RSE. The question of whether a unit contingent arrangement would be accepted in the RSE was raised and response suggested this should be acceptable whereas non-firm that can be interrupted for any reason would not be acceptable. Comments and replies regarding ancillary service capacity suggested that this must be accounted for appropriately. Further discussion investigated the question of how to a bid without source can be considered firm and whether these can be considered reliable to show up on a stressed day. Discussion may continue with the guidance documents proposed.

RSE Failure Consequences

The suggestions for failure consequences included limiting participation of transfers and financial penalties. The concept of limiting transfers did not seem to gain any support as comments included this approach may be too onerous or result in unintended consequences. The financial penalties notion gain more consideration including comments that penalties should not outweigh the EDAM benefits, penalty basis could be production costs savings or capacity cost savings, a need to create an assurance leaning is not incented, potential for a progressive penalty increasing with frequency, and an idea to transfer penalties as a benefit to entities able to fill the capacity shortfall. Discussion will continue in the next meeting schedule for Wednesday, February 23, 2022.

Conclusion:

The import resource discussion continued with general understanding that the WSPP Schedule C arrangements are generally considered firm with point of delivery generally known in time for the expected 10am bid submission deadline with source and transmission path generally known to align with the 3pm tagging requirement; although there needs to be clarity around timeline and definition of terms such as “firm” which may be addressed with a draft timeline of when certain activities will take place and sessions to cover an overall understanding of the RSE. The failure consequences discussion seemed to rule out the idea of limiting transfers as a consequence and included good discussion regarding the idea of financial penalties and potential incentives. Discussion will continue in the next meeting.