

April 16, 2024

VIA ELECTRONIC FILING

Honorable Tammy Cordova
Commissioner and Presiding Officer
State of Nevada Public Utilities Commission
9075 West Diablo Drive, Suite 250
Las Vegas, Nevada 89148

RE: Docket No. 23-10019 - Investigation regarding regional market activities in the western interconnection relevant to Nevada utilities' obligations pursuant to NRS Chapter 704

Dear Commissioner Cordova,

Please accept for filing with the State of Nevada Public Utilities Commission, this communication responding with additional information regarding questions raised during the April 10, 2024 workshop to explore day-ahead market offerings (Docket No. 23-10019).

The California ISO greatly appreciates the opportunity to engage with the Public Utilities Commission and its stakeholders in this matter and provide further clarification on the Extended Day-Ahead Market (EDAM), resource sufficiency evaluation (RSE), and the calculation of benefits for the Western Energy Imbalance Market (WEIM).

1. What is the magnitude of the surcharge that an EDAM entity may be subject to as a result of failing the daily RSE?

Entities failing the daily RSE will be subject to a surcharge for the particular hour(s) across the 24-hour horizon for which they may have failed the evaluation, based on the highest single hour of MW failure (insufficiency). The surcharge is based on the cost of replacement energy procured in the bilateral market, based on the price of a 16-hour on-peak block of energy priced at the Mid-C or Palo Verde bilateral hubs. This is intended to create an incentive for taking steps to procure sufficient supply ahead of the day ahead market to meet next day forecasted load, similar to decisions parties make today to position themselves to serve load next day. The surcharge is settled with the EDAM entity, which it can then sub-allocate within its area according to the terms of its tariff.

An important note is that surcharges collected from EDAM entities that fail the RSE are then allocated to EDAM entities that passed the RSE during that period. Thus, an EDAM entity may also receive revenues resulting from surcharges collected from other entities that it can then sub-allocate within its area according to the terms of its tariff.

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California Independent System Operator Corporation

2. How are quarterly WEIM benefits calculated?

The quarterly WEIM benefits report present the benefits associated with participation in the real-time market. The latest WEIM benefits report for Q4 2023 is available here:

<https://www.westerneim.com/Documents/iso-western-energy-imbalance-market-benefits-report-q4-2023.pdf>.

The underlying methodology supporting the derivation of WEIM benefits is described here: <https://www.westerneim.com/Documents/EIM-BenefitMethodology.pdf>. In deriving the gross WEIM benefit estimation, the ISO works with each WEIM entity on a quarterly basis to review the estimates and obtain approval of the estimate prior to publication of the report.

We would be happy to provide the Commission with any additional information or clarification that might be deemed helpful to its investigation.

Thank you for your time and consideration.

Respectfully submitted,



Mark Rothleder
Senior Vice President and Chief Operating Officer

cc: Service List Docket No. 23-10019