

Briefing on 2021 Three-Year Policy Initiatives Roadmap and Annual Plan

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Primary drivers of changes to 2021 three-year policy roadmap and annual plan

- Market Enhancements for Summer 2021 Readiness
 - Stakeholder process resulted in adding two initiatives to the 2021 annual plan:
 - External Load Forward Scheduling Rights Process and Resource Sufficiency Evaluation
 - Focus on ensuring grid reliability for summer 2021 resulted in several initiatives delayed until 2022:
 - Frequency Response Measures, VER Dispatch
 Enhancements, Joint Owned Unit Model, Hybrid Evolution
- Resource Adequacy Enhancements
 - Three phased approach to re-examine the resource adequacy requirements to align with the changing nature of resources and load and tightening western supply conditions



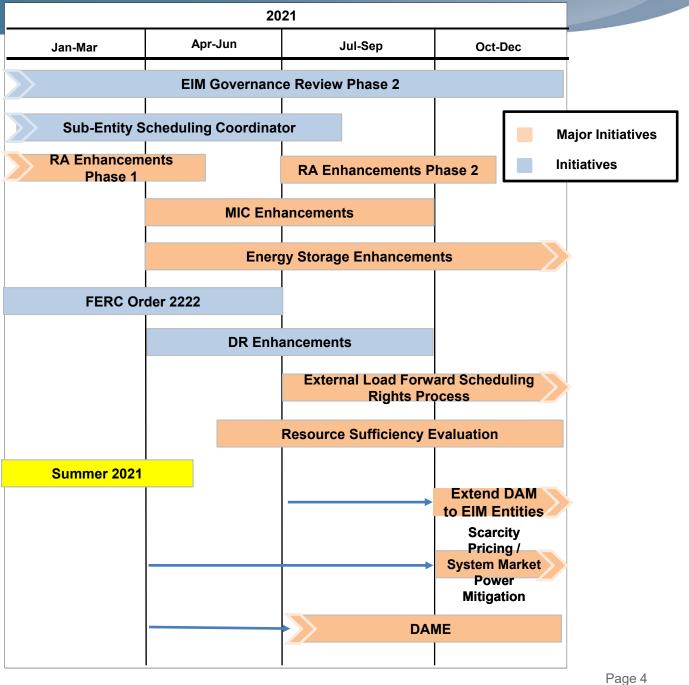
Reforms to resource adequacy program needed to align procurement with operational needs

- Phase 1 Implementation 2021 (RA Yr. 2022)
 - Planned Outage Process Enhancements
 - Backstop Capacity Procurement Capacity Procurement
 Mechanism for local energy sufficiency
 - Operationalizing Storage
- Phase 2 Implementation 2022 (RA Yr. 2023)
 - Changes to align RA requirements with day-ahead market enhancements
 - Must Offer Obligations and Bid Insertion
 - Flexible Resource Adequacy
- Phase 3 Implementation 2023 (RA year 2024)
 - Unforced Capacity Evaluations
 - Import Resource Adequacy enhancements
 - Planned Outage Process Enhancements Phase 2



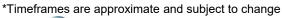
Updated 2021 Draft Annual Plan

*Timeframes are approximate and subject to change





Proposed Three-year Policy Roadmap of Major Initiatives = Implementation 2023 2021 2022 **FRP Refinements** AS Deliverability/RT Re-Optimization **External Load Forward Scheduling Rights Process Evolve ISO Markets Resource Sufficiency Evaluation DAME** Order 831 – Import **Extend DAM to EIM Entities** Bidding & Market Parameters **Frequency Response Measures** Summer 2021 **VER Dispatch Enhancements Scarcity Pricing / System Market Power** Intertie Deviation Settlement **TAC Structure Enhancements RA Enhancements Phase 1,2 RA Enhancements Phase 3 MIC Enhancements** Comprehensive Redesign of **Joint Owned Unit Model** Resource Adequacy MIC Stabilization Integrating **Hybrid Evolution** Distributed Energy and Storage **Energy Storage** Resources **Enhancements** Hybrid Resources





ESDER 4 -

ESDER Enhancements

2021 and 2022 policy initiatives roadmap process schedule

- Updated 2021 roadmap and annual plan
 - Stakeholder call June 17
 - EIM Governing Body briefing June 30
 - Board of Governors briefing July 14-15
- 2022 roadmap and annual plan
 - Stakeholder call Q4
 - EIM Governing Body and Board of Governors briefings Q4