



**COMMENTS OF NV ENERGY
EIM OFFER RULES WORKSHOP
DATED APRIL 30, 2018
CAISO STAKEHOLDER PROCESS**

May 14, 2018

NV Energy is supportive of initiating a stakeholder process to enhance the EIM resource sufficiency evaluation and appreciates the opportunity to comment on certain issues discussed at the EIM Offer Rules Workshop. NV Energy is concerned that CAISO may not proceed with a stakeholder process for the Flexible Ramping Sufficiency Test enhancements. While NV Energy understands that the CAISO and its staff have limited resources and that operational concerns can lead to a readjustment of immediate priorities, the CAISO committed to this stakeholder initiative in the 2018 Final Policy Initiatives Roadmap.¹

For the stakeholder catalogue and roadmap to have meaning, the CAISO needs to both address priority items and honor that prior commitment. What NV Energy and arguably other workshop participants were seeking was the *commencement* of this initiative. This is of particular concern and, a necessary first step, given the lengthy nature of the process. For example, it took over 2 years from when the CAISO issued the straw proposal for the commitment costs enhancement phase 3 initiative to when tariff changes were filed at FERC.

NV Energy purports that now is an opportune time for stakeholders to work on comprehensive enhancements for the Flexible Ramping Sufficiency Test. With the benefit of actual experience to date and the continuing expansion of the EIM, improvements to the flexible ramp test are needed to ensure that it is neither too stringent nor too lenient and that the prices produced are just and reasonable.

The scope or issues in the CAISO Straw proposal should include: (1) the timing in which the requirement is established and communicated to the EIM Entity; (2) the resources qualified to meet the test; (3) the consequences of failure of the test and issues involving freezing of intertie transfers, and (4) a process to examine the functioning of the test.

In particular, NV Energy would like the opportunity to develop a transparent ramping test that allows sufficient time for market participants to react to the test requirement. As Powerex noted during the April 30th presentation, the diversity benefit can be lost if EIM Entities have to maintain extra ramping capability to meet an uncertain after-the-fact requirement, leading to increased costs for customers.

¹ CAISO. 2018 Final Policy Initiatives Roadmap.
<http://www.caiso.com/Documents/2018FinalPolicyInitiativesRoadmap.pdf>. Page 11.



It would be beneficial to market participants if all components to the test are reported in one user interface portal and in one consolidated report. A consolidated report is easier to troubleshoot reasons for failing the test. Additionally, NV Energy would support a test in which all components are frozen at the same selected intervals for testing, whether they are advisory or binding. Moreover, NV Energy would like the opportunity to explore different test options that would allow additional time for participants to react to the calculated flexible ramping requirements. For instance, perhaps the CAISO could perform a simplified test at T-75 or T-55 market timelines.

A Flexible Ramping Sufficiency Test initiative should begin by defining the intent of the test. There have been a few different intentions mentioned within this workshop. For instance, the test is performed to either prevent market participants from leaning on one another or performed to ensure the market participant is bringing enough flexible capacity to the market. Balancing Authority Areas utilize capacity to prevent leaning by managing ACE. If the test is intended to prevent Balancing Authority Areas from leaning on one another, then the available balancing capacity should be considered as capacity that is applied towards passing the test.

PacifiCorp presented on occasional reliability issues when the transfers freeze at the FMM solution rather than the RTM solution. The FMM dynamic transfers are not always rampable to the RTM dynamic transfers. Therefore, freezing the transfers in intervals when the transfers are solving in opposite directions can cause reliability ramping issues to make up for the change. CAISO has stated that it is not possible to freeze the transfers at the RTM solution. It would be helpful for the CAISO to identify what market solutions may be feasible. For instance, is it possible to step in the frozen transfer by recognizing the Balancing Authority Area ramping capability? NV Energy would like the opportunity to explore potential solutions in this stakeholder initiative.

CAISO mentioned within the workshop that a solution has been implemented for the net import/export capability issue presented by the DMM. NV Energy supports the DMM's proposal and was surprised to hear that a solution was implemented. The CAISO should provide additional detail as to when this solution was implemented and what the solution entails. Did CAISO implement the DMM's proposed solution or was the proposal modified? Currently, there exists a lack of transparency on all patches and changes implemented into the CAISO market. When this occurs, market participants cannot monitor the change to determine the impacts. NV Energy proposes that CAISO create a log for all market patches that identifies the category for the fix, the reason, and the potential impacts. The publications and revisions report in OASIS is vague and does not provide detail that adequately informs market participants. A transparent market update log should inform participants of future updates, present implementation, and a historical guide of past changes. Additionally, it would be helpful if the log referenced the stakeholder process or BPM PRR.



During the workshop, Powerex proposed that CAISO should perform an after-the-fact calculation to determine the performance of the ramping requirement calculation. NV Energy would like the opportunity to explore this proposal further in this stakeholder initiative. This proposal could be used to determine when future enhancements are needed for the test.

In short, the discussions on April 30, fully confirmed the priority determination in the 2018 Final Policy Initiatives Roadmap that a stakeholder initiative is warranted to undertake an evaluation of EIM offer rules, including a comprehensive assessment of the flexible ramping sufficiency test.