

Western Power Trading Forum Comments on CAISO EIM Readiness Criteria
Ellen Wolfe, Resero Consulting for WPTF, 916 791-4533, ewolfe@resero.com

May 21, 2015

WPTF appreciates the opportunity to submit comments in response to the CAISO's EIM Readiness Criteria presented on May 6, 2015.

WPTF offers three areas of feedback. First we offer three categories of suggested improvements for the current metrics. Second, we request definition of a minimum parallel operations duration, and third we suggest that the CAISO develop with stakeholder guidance specific language for the executive attestation that EIM executes would execute prior to cutover to an EIM.

1. WPTF offers three categories of Suggested Improvements.

While the CAISO's proposal creates a broad set of areas of readiness, the criteria do not seem to hold the descriptive precision and substance of testing exit criteria. We indicate below three ways in which the criteria can be improved. These are identified below.

A. Criteria should be specific and quantifiable

Many of the criteria suggested by the CAISO are quite general and do not lend themselves to measurement. We offer some examples below, by metric and criteria, and offer more specific feedback on the ways in which the proposed criteria should be further specified.

Examples:

1. **Metric:** "Functional Testing Completed"

Criteria: "EIM Entity Operators complete functional testing plan."

Questions raised by this criteria:

- What is the functional testing plan?
- Which entities are involved in developing that plan?
- For which aspects of EIM operations does this prepare the EIM Entity?
- What are the "tasks identified by ISO and EIM Entity for functional testing"?

2. **Metric:** "ISO-EIM Entity interfaces tested"

Criteria: "EIM Entity systems tested as specified."

Questions raised by this criteria:

- Which EIM Entity systems are tested?
- What are the specifications for the tests, and where will those specifications be posted?
- Which CAISO systems are implicated in this test?

The same problem of lack of specificity exists in the following metrics:

- EIM Entity Operating Procedures
- Day in the Life Simulation
- Structured Scenarios Simulation
- Unstructured Scenarios Simulation
- Market Results Reports
- Market Quality Review
- Data monitoring
- Deployment Plan

WPTF asks the CAISO to redefine the criteria to be specific and address questions such as those identified above. For each metric WPTF asks that the ISO identify the measureable metric and the threshold that would result in a “passing” score on that metric.

B. Testing thresholds should be sufficiently rigorous

For criteria that are specific, and quantifiable, some have testing thresholds that are insufficiently rigorous. Each criterion should have thresholds that are sufficiently rigorous to ensure that the resulting EIM market will operate successfully and efficiently.

The following exemplifies a metric for which the threshold seems insufficiently rigorous.

Example:

Metric: “Flexible Ramping Sufficiency Test Capability of Passing Established”

Testing threshold: “Passes 90% of the time or greater over monitored hours of one day before parallel operation and two days before full activation.”

We identify the following problems with such a threshold: It is unclear how many “monitored hours” there will be. It is unclear how many total days must be “passed”? And it is unclear what steps would be taken to ensure the test period includes a representative range of conditions or, more importantly, tests the ability to comply under adverse conditions?

An EIM Entity’s 90% passage rate for the flexible ramping sufficiency test allows a large margin of error and would not avoid the same problems seen in the PacifiCorp EIM. This is particularly concerning given that the flexible ramping sufficiency requirement is based on ensuring sufficient ramping capacity to meet imbalance energy needs in only 95% of cases.

The testing thresholds for passing the metrics “Base Schedule Balancing Capability Established” and the “Capacity Test Capability of Passing Established” similarly appear to allow too great a margin for test failure. Similarly the proposal needs additional details regarding the “Capacity Test.”

C. Criteria should be comprehensive in order to ensure that new EIM Entities avoid the specific and acknowledged problems encountered by the PacifiCorp BAAs’ entrance into the EIM

WPTF is concerned that additional criteria may be needed to ensure that future EIMs do not encounter the same communications and operational challenges that plagued the PacifiCorp EIM. We encourage the CAISO to revisit each of those price spike drivers and create measurable performance criteria for each to apply to each subsequent EIM implementation.

2. Define a Minimum Duration Parallel Operations Period

The CAISO-PacifiCorp EIM market simulation period had a very minimal period during which parallel operations took place. Further parallel operations were provided for the start of the EIM was delayed. Yet there were numerous areas of readiness that seemed incomplete once the EIM went “live”. WPTF recommends a formal parallel operations phase of no less than 60 days, with a longer period likely being desirable. We ask the CAISO to adopt such a readiness requirement.

3. Develop Specific Attestation Language

The ISO agreed to file a certificate of readiness including the EIM Entity attesting to readiness. This mechanism is only as strong as is the language in the attestation and the linkage to an executive within the EIM organization. WPTF strongly recommends that the CAISO propose the language that would be included in this certification and circulate that language to stakeholders for their review. The attestation should include certifications that the entity is fully trained to participate in the EIM both from the vantage point of interfacing with the CAISO but also from the perspective of integrating EIM operations with the balance of their EIM functions, that they have demonstrated operational success on end-to-end tests, and that their organization is prepared to accept the market risks of EIM operations.

WPTF appreciates the CAISO’s consideration of these comments.