Decision on Market Enhancements for Summer 2021 Readiness – Export, Load, and Wheeling Priorities

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Management proposes three sets of changes to the market scheduling priorities for exports and wheel-through self-schedules relative to ISO load

1. Change how exports cleared in the day-ahead residual unit commitment process are prioritized relative to ISO load in the real-time market

2. Enhance requirements for designating non-resource adequacy capacity backing high priority export schedules

3. Change market prioritization of wheel-through self-schedules

Management proposes to no longer prioritize exports clearing the day-ahead market over serving ISO load

- Residual unit commitment process does not ensure resource adequacy capacity needed to serve ISO load in real-time could be supporting exports clearing day-ahead that had not designated capacity to serve external load

- Propose to enforce the two classes of export schedules all the way through the real-time market:
  - exports backed by capacity designated to serve external load (*i.e.,* non-recallable exports) have a higher priority, same as ISO load
  - exports not backed by capacity designated to serve external load (*i.e.,* recallable exports) have a lower scheduling priority than ISO load

Management proposes enhancements to the rules specifying non-resource adequacy capacity to back high priority exports

- Identify resources that can be designated to support high-priority exports
- Resources identified as supporting high priority exports must confirm a load-serving entity outside of the ISO has a right to the capacity
- Resource will be notified if designated to support a high-priority export to ensure it can meet its obligations
- Variable energy resources can be designated to back high priority exports if export quantity is no greater than the lowest fifteen-minute forecasted output for the hour

Management proposes clarifications to how outages are applied to partial resource adequacy resources that may back a high priority export

- If a scheduling coordinator notifies the ISO of a contract term that specifies how outages are applied to the resource adequacy and non-resource adequacy portion of the capacity, those terms will be reflected in the outage distribution

- If not specified, the ISO will apply a pro-rata distribution of the outage against the resource adequacy and non resource adequacy capacity

Management proposes changes to the prioritization of wheel-through self-schedules

- Currently, wheel-through self-schedules cleared in the residual unit commitment process have a higher scheduling priority than imports or internal generation needed to serve ISO load
  - Wheel-throughs consist of balanced import and export legs
  - Wheel-throughs can use transmission capacity that is needed by resource adequacy supply to serve ISO load
- Change priorities so that high-priority wheel-through self-schedules have the same priority as serving load with self-scheduled supply

Management proposes to differentiate high-priority and low-priority wheels

- High-priority wheels are available for external load serving entities that are planning on using the ISO system to meet their reliability needs
- High priority wheels are established by:
  - Notifying the ISO 45 days prior to the month the MW quantity of the wheel
  - Attesting that they have secured firm transmission to the ISO border for the month for the hours of their contract to serve load
- Proposed changes would expire May 31, 2022

Management proposes a new process to equitably allocate transmission if the ISO's hour-ahead scheduling process is infeasible

- Pro rata allocation between resource adequacy supply bidding into the hour-ahead scheduling process and high-priority wheels bidding into the hour-ahead scheduling process
  - Wheel quantity limited by day-ahead schedule
- Pro rata allocation applies to binding intertie constraints and binding constraints on Path 26
- Operator judgment ultimately determines what schedules are supported

Stakeholders concerned about proposed changes

Topic & Level of Contention	Concern	Management Response
Residual unit commitment export priority rules - Medium	Day-ahead market results should carry through with priority into the real-time market	Residual unit commitment is unable to ensure that RA supply will not be used to support an export making it unavailable to support ISO load, which is inconsistent with the RA real-time must offer obligation
High-priority export attestation rules – Medium	ISO does not have sufficient validation to ensure a resource can support a high-priority export, including validation based on variable energy resources output	Agree validation is insufficient which is why attestation rules are needed. Longer-term solution will develop improved validation rules to address concerns from both sides

Stakeholders concerned about proposed changes

Topic & Level of Contention	Concern	Management Response
Outage distribution between RA capacity and high-priority export capacity - Low	This issue was not addressed in Final Proposal	Agree that reducing high-priority export capacity before RA capacity when a unit is de-rated is not equitable. Included tariff clarifications to address
Wheel-through priority - High	External: goes too far and restricts open access Internal: does not go far enough to protect ISO load	Proposal provides a balanced approach to address emergency conditions that may occur this summer. This is an interim approach that will be replaced once the ISO implements a process to allow forward procurement of wheeling capability

Management requests the Board approve the proposed export, load, and wheeling priority changes

- Changes fairly allocate limited supply during emergency events when the ISO market cannot meet both ISO load and scheduled exports

- Changes fairly allocate transmission capacity when there is insufficient transmission capacity to accommodate both wheel-through schedules and imports/other energy flows