



## Department of Energy

Official File

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POWER SERVICES

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In reply refer to: PT-5

To: Energy Imbalance Market Governing Body and ISO Board of Governors

**SUBJECT:** EIM Resource Sufficiency Enhancements

The Bonneville Power Administration (Bonneville) thanks the CAISO for conducting the EIM Resource Sufficiency Evaluation (RSE) Enhancements initiative. The additional transparency and analysis provided by the CAISO and Department of Market Monitoring (DMM) have been very helpful in enabling robust dialogue around the results of the EIM RSE and the inaccuracies that exist. While we do not believe the Revised Draft Final Proposal achieves the objectives of Phase 1 of this initiative – accuracy of the EIM RSE – we acknowledge that the proposed changes need to move forward now in order to be successfully implemented by this summer. However, significant inaccuracies of the EIM RSE remain and thus, our support for the Revised Draft Final Proposal is contingent upon the CAISO commitment to address the remaining areas of concern in a Phase 1b immediately following Board approval of this proposal in February 2022. We acknowledge the CAISO is planning to kickoff Phase 1b with an initial workshop scheduled for February 16.

There are at least three significant areas of inaccuracy identified as part of this initiative that remain unresolved:

- **Accuracy of the Uncertainty Requirement:** The current calculations of historical net load uncertainty and intertie deviations have been determined to provide inaccurate indicators of future expected uncertainty. The CAISO plans to implement a new methodology (quantile regression) for calculating net load uncertainty in fall 2022. The CAISO has stated that it plans to work on a new methodology for calculating intertie uncertainty and offer the opportunity to consider both intertie and net load uncertainty holistically.
- **Intertemporal Constraints:** Bonneville maintains that the capacity test should only count resources actually standing ready and available for the operating intervals being evaluated by the EIM RSE. As such, we continue to disagree with CAISO's approach to include resources bid into the Short-Term Unit Commitment (STUC) run that are not actually available during the intervals being evaluated by the EIM RSE. The CAISO has stated it will provide additional analysis to clarify the magnitude of counting resources in STUC that are not available in real-time.
- **System Load Conformance:** The CAISO has highlighted that the issue of its use of significant and systemic load conformance for the CAISO BAA is complex and multi-faceted and requires additional analysis and discussion to determine the best approach for its incorporation into the EIM RSE.

Additionally, while Bonneville agrees with the concept that EIM Entities and the CAISO should auto-fail the EIM RSE when in emergency conditions, Bonneville does not support CAISO's approach to determining emergency conditions based on operator actions. EIM Entity operators each take different actions when in emergency conditions depending on the circumstances and it is not feasible for the CAISO to define each operator action that may be taken or to have visibility into those actions outside of its own BAA. Bonneville believes the appropriate trigger to limit the real-time market's dispatch of additional energy transfers into a BAA when a BAA is in emergency conditions is to use the declaration of a NERC Energy Emergency Alert (EEA) 2 or higher. By definition, a BAA in an EEA 2 is energy deficient and therefore resource insufficient.

Bonneville requests the CAISO conduct a Phase 1b that includes:

- Analysis of counting capacity made available in the STUC that was not actually available in real-time
- Method for calculating inertia uncertainty
- Testing of the quantile regression approach to calculating net load uncertainty, including working with EIM Entities to be able to re-create the test.
- A holistic examination of the uncertainty calculation that includes inertia and net load uncertainty
- Appropriate incorporation of significant and systemic adjustments made to a BAA's load forecast, including load conformance used by the real-time market, into the EIM RSE.

Bonneville believes that these issues must be addressed in a Phase 1b in order to ensure that an accurate RSE is developed before failure consequences are addressed in Phase 2. This would also allow Phase 2 to focus on the effectiveness of the EIM RSE at achieving its objective of preventing or strongly discouraging leaning. Bonneville believes that the scope of Phase 2 exclusively addresses EIM RSE failure consequences, which can only be effective if the EIM RSE produces accurate results.

Given the foundational nature of the EIM RSE and its importance in EIM Entities' ability to have trust and confidence that the EIM, as a voluntary market, is producing reliable and equitable results, we urge the CAISO to prioritize addressing these remaining items in a Phase 1b and not delay work until July 2022.

Rachel L. Dibble  
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