



California ISO

# Gas Resource Management


## Working Group 1

July 27, 2023

# Housekeeping reminders

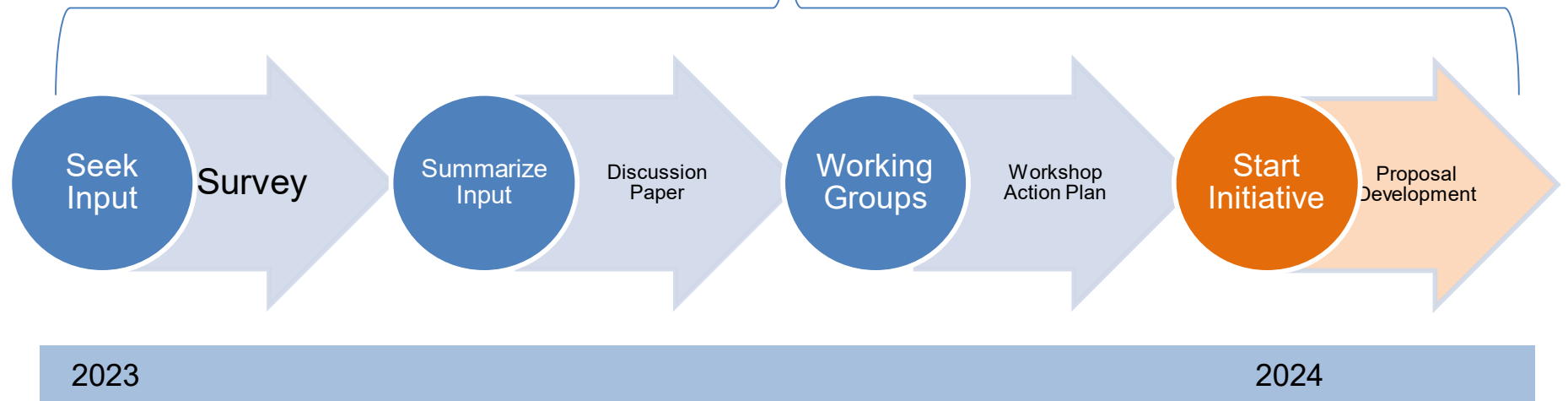
- This call is being recorded for informational and convenience purposes only. Any related transcriptions should not be reprinted without ISO's permission.
- These collaborative working groups are intended to stimulate open dialogue and engage different perspectives.
- Please keep comments professional and respectful.
- Please try and be brief and refrain from repeating what has already been said so that we can manage the time efficiently.

## Instructions for raising your hand to ask a question

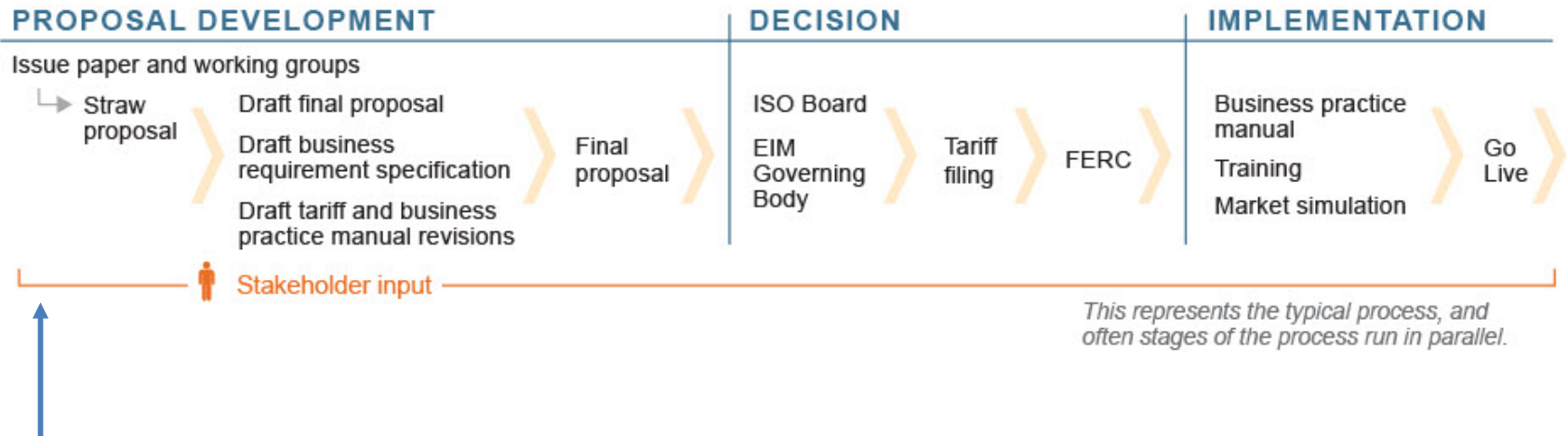
- If you are connected to audio through your computer or used the “call me” option, select the raise hand icon  located on the top right above the chat window. **Note:** #2 only works if you dialed into the meeting.
  - Please remember to state your name and affiliation before making your comment.
- If you need technical assistance during the meeting, please send a chat to the event producer.
- You may also send your question via chat to either Brenda Corona or to all panelists.

# Approach and Draft Timeline

Stakeholder Input



# ISO Policy Initiative Stakeholder Process



We are here

- The working group Action Plan will inform the proposal development process.

# Working Group Structure - Roles

- **Facilitator(s)** – the group will be co-managed by designated stakeholder and ISO facilitators.
  - Responsible for guiding discussion, driving toward resolution of issues and toward deliverables.
- **Scribe** – the group has a designated scribe.
  - Responsible for capturing discussion and evolution or proposal(s), publishing meeting summaries, and working jointly with the facilitator.
- **Working Group Participants** – provide ideas, proposals, input and vetting.
  - Working groups are open to all stakeholders.
  - ISO staff will also be participants in working group.

# Gas Management Working Group

The Gas Resource Management initiative will establish stakeholder working groups, aiming to foster transparency and trust, and enhance the quality of market design policy. This process is intended to:

- 1. Engage Stakeholders** - Empower stakeholders through their active participation to help form and justify problem statements and guiding principles.
- 2. Promote Shared Ownership** - Build a collective commitment and shared ownership for the formulated policy.
- 3. Foster Mutual Trust** – Encourage a more collaborative policy development process.

The outcome of this stakeholder collaboration is a better informed Gas Resource Management policy that is responsive to the diverse perspectives of stakeholders.

# Goals of the Gas Management Working Groups

Stakeholders have the opportunity to provide input on key components leading up to proposal development--

## 1. **Form Problem Statements:**

- Define and illustrate principles for market design
- Form problem statements reflecting stakeholder concerns

## 2. **Align on priorities and establish cadence**

- Balance staff and stakeholder bandwidth

## 3. **Illustrate/Justify problem statements:**

- Explore current ISO market operations, functionality, processes meant to address problem statements
- Develop methodology for analysis, define data needs

## 4. **Determine Action Items**

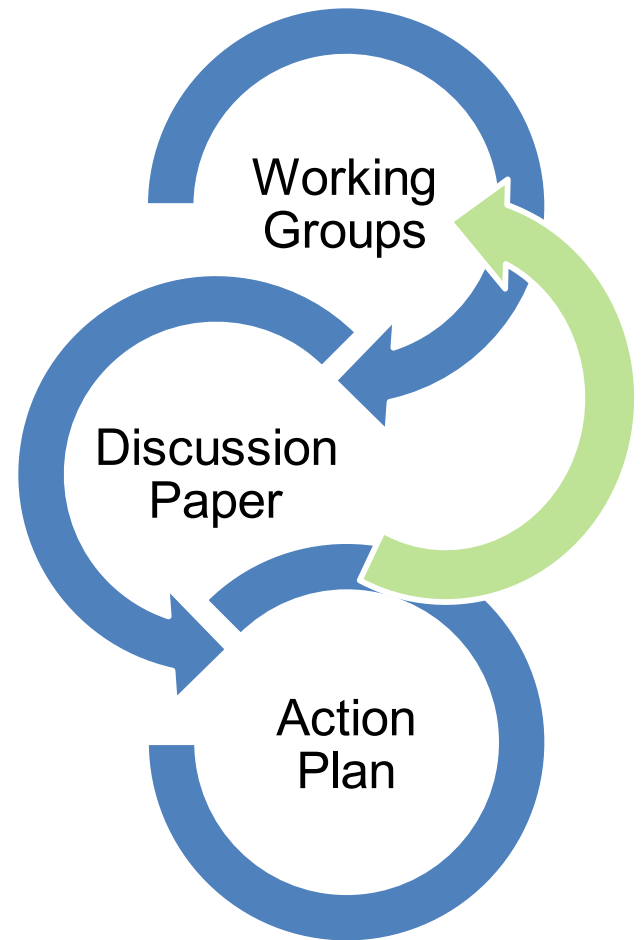
- Have a plan for each problem statement
- Provide a bridge between working groups and proposal development



# Working Group Deliverables

**Discussion Paper:** A Discussion Paper will be published after each working group to reflect progress toward working group goals. The iterative process will provide stakeholders additional opportunities reflect, comment, and prepare.

**Action Plan:** A bridge between the working groups and a straw proposal, the Action Plan will inform the policy direction for Gas Resource Management stakeholder initiative.



# Working Group Deliverable: Discussion Paper

1. **Purpose:** The Discussion Paper will serve as a resource for stakeholders:
  - Provides a starting point for discussion
  - Creates a record of decision making
  - Allows stakeholders to reflect and prepare in between working groups
  
2. **Content:** In lieu of reports or working group summaries, the scribe and facilitator will update the Discussion paper to reflect:
  - Added/refined scope items
  - Requested ISO or subject matter input and analysis
  
3. **Stakeholder Involvement:** The Discussion Paper will reflect all scope items and decisions made by stakeholders
  - Paper will be posted on the initiative page between working groups for comment

# Working Group Deliverable: Action Plan

1. **Purpose:** The Action Plan will serve as a bridge between the working groups and a straw proposal by prescribing a plan to address identified stakeholder concerns.
  - Authors: Scribe, Facilitator, Policy Lead
  
2. **Content**
  - Recaps all viewpoints discussed during the working group sessions
  - Identifies agreed upon problem statements and problem statement assessments
  - Prescribes Action Items to guide policy direction, pursue additional supporting analysis, and form the basis of a straw proposal
  
3. **Stakeholder Involvement**
  - Stakeholders will have the opportunity to provide written comments on the Action Plan

# Scope of the Gas Resource Management Working Groups

Some of the problem statements we've heard:

1. Not enough flexibility for participants to accurately reflect their verifiable cost expectations in the market
2. Insufficient information to inform procurement targets
3. Resource limitations are not adequately accounted for
4. Gas system limitations are not reflected in the market
5. Inadequate cost recovery

# Draft Principles

The below principles should be kept in mind when moving through the working group process. These principles are based on stakeholder feedback in various forums to ensure the working group discussions and outcomes are in align with the scope identified.

- Efficiency, Simplicity, Transparency, Feasibility

How do these relate to some of the problem statements we've heard?

# Principle 1: Efficiency

- Incentive compatibility
- Dispatch on offered prices will minimize actual system production cost
- Assets want to produce to the cleared MW amount; adequate cost recovery
- Participants have an incentive to reflect their verifiable cost expectations in the market

## Principle 2: Simplicity

- Simple logic that applies broadly
- Uniform pricing
- Accommodations for cost adjustments are consistent

## Principle 3: Transparency

- Price Transparency: “much is known by many” about transaction prices
- Everyone has sufficient information for bidding and procurement decisions



## Principle 4: Feasibility

- Operationally feasible; the market can solve within prescribed timelines
- Feasible implementation timelines
- Data confidentiality respected

# Scope

- Aligning gas and electric market timeline →
  - What is the problem statement? *Risk, insufficient information for procurement*
  - How does this impact market participation?
- Cost recovery →
  - What is the problem statement?
- Bidding Flexibility →
  - What is the problem statement?

# Discussion Questions

In developing potential discussion topics, please consider:

- How they relate to existing market processes and functionality
- What kinds of data or analysis would help illustrate and justify problem statements
- Prioritization

# Next Steps

- Discussion Paper will be posted on the Gas Resource Management stakeholder page: [California ISO - Gas resource management working group \(caiso.com\)](https://www.caiso.com/working-group)
- Working Group Meeting #2 - August 22, 2023
  - Review Discussion Paper, stakeholder submitted topics and scope items
  - ISO will answer questions around opportunities and functionality that exists today related to problem statements
  - Stakeholder presentations on problem statements