



Market Enhancements for Summer 2021 Readiness

Stakeholder Call
January 6, 2021

Agenda

Time:	Topic:	Presenter:
1:00 – 1:05	Welcome/introductions	Kristina Osborne
1:05 – 1:50	Initiative scope	James Friedrich
1:50 – 1:55	Stakeholder process schedule	James Friedrich
1:55 – 2:00	Next Steps	Kristina Osborne

Changes in response to summer 2020 require reprioritization of near term stakeholder efforts to be in place by summer 2021

- Focus near term efforts on market rules and procedural changes necessary to be ready to manage heat events next summer
 - Rescheduling existing and planned market design stakeholder initiatives
- Requires focusing internal resources and the broader stakeholder community on addressing the changes needed for Summer 2021
- Policy changes that require tariff amendments need to be filed with FERC by April for June implementation
 - March EIM Governing Body and ISO Board of Governors

This policy initiative is one of many concurrent efforts the ISO is undertaking for 2021 summer readiness

- Supporting and coordinating with CPUC and CEC on various action items identified in preliminary Root Cause Analysis
- Some 2021 summer readiness action items taken up in existing stakeholder initiatives
 - E.g., planned outage requirement in resource adequacy enhancements
- Summer 2020 data transparency
 - Data requests can be submitted via CIDI with “Summer 2020 Data Request” in the subject line
 - Requests will be published on the 2021 Summer Readiness page under Analysis of August 2020 outages header
- Other mid- and long-term efforts

Omnibus stakeholder initiative to consider changes to ensure summer 2021 readiness

1. Export and load priorities
2. Reliability demand response resource dispatch and real-time price impacts
3. Requirements for storage resources during tight system conditions
4. Cost recovery provisions for hourly block imports during tight system conditions
5. Short term scarcity price enhancements
6. EIM coordination and resource sufficiency test review
7. Other items that can be vetted through stakeholder process and implemented by June 1

General themes of policy proposals

- Measures to ensure supply availability during tight system conditions
 - Additional market incentives
 - Changes to procedures, business practices, or systems
- Most topics involve policy changes that are triggered based on some pre-defined tight supply condition
- Working to develop a common criteria to trigger scarcity price enhancements, cost recovery for imports, interim storage requirements, etc.
 - Based on RUC availability or infeasibility
 - Based on pre-established operator alerts or warnings
 - Based on day-ahead market system marginal price

Topic 1: Export and load priorities

- Clarify/modify scheduling priorities of
 - Internal load
 - Exports supported by contracted supply
 - Exports not supported by contracted supply
- Seek comparable scheduling priorities of exports as the rest of WECC
- Hold informational workshop (January 12)
 - Finish CAISO penalty parameter and scheduling priority presentation and recap how CAISO BAA load and exports are treated from a market and operational perspective
 - External BAAs to discuss their export scheduling priorities
 - Market participant perspectives

Topic 2: Reliability demand response resource dispatch and real-time price impacts

- Review how RDRR, once ISO operator enabled, is dispatched through the real-time market.
- Evaluate and develop enhancements to ensure RDRR dispatches create appropriate price signals.

Topic 3: Requirements for storage resources during tight system conditions

- Explore changes to ensure storage is available to meet local/system needs.
- Exploring additional changes that do not require tariff changes
 - Updates to AGC signal to preserve state of charge

Topic 4: Cost recovery provisions for hourly block imports during tight system conditions

- Hourly block resources are scheduled in HASP but are priced based on FMM prices. The hourly block economic bids are not considered as they are price takers in FMM. The FMM price may clear below their offer price.
- Explore pros and cons of enabling hourly block imports to recover costs during tight supply conditions.

Topic 5: Short term scarcity price enhancements

- Develop a stronger market incentive for more accurate day-ahead scheduling during tight supply conditions (high prices)
 - Needs to be a simple mechanism to be implemented by June
- The ISO will subsequently address with stakeholders more comprehensive scarcity pricing changes

Topic 6: EIM coordination and resource sufficiency test review

- Hold informational workshop (January 13)
 - Cover how the current resource sufficiency test is performed today for the CAISO BAA and the EIM
 - Review RST performance during heat events
- Coordination with EIM entities during emergency conditions
- Explore the application of the resource sufficiency test in tight supply conditions without undermining intent to prevent leaning

Topic 7: Other items that can be vetted through stakeholder process and implemented by June 1

- Additional topics will be considered based on internal discussion and stakeholder feedback
- System market power mitigation pending final decision

Schedule (1 of 2)

Date	Milestones
Jan 6	Stakeholder call
Jan 12	Workshop on export and load scheduling priorities
Jan 13	Workshop on EIM resource sufficiency evaluation
Jan 14	Comments due on Jan 6 call discussion/presentation
Jan 20	Comments due - Jan 12-13 workshop discussions/presentations
Jan 22*	Post straw proposal presentation
Jan 26 or 27*	Stakeholder call
Feb 3*	Comments due

*TBD

Schedule (2 of 2)

Date	Milestones
Feb 8-12*	Post draft final proposal (board memo), business requirement specifications, and tariff language
Feb 16-18*	Stakeholder call
Feb 25*	Comments due – draft final proposal and draft tariff language
Mar 10	EIM Governing Body meeting
Mar 24-25	ISO Board of Governors meeting
Jun 1	Implementation

*TBD

Next steps

- Submit written comments on today's call discussion and presentation by end of day Jan 14 using the comments template on the initiative webpage at <https://stakeholdercenter.caiso.com/StakeholderInitiatives/Market-enhancements-for-summer-2021-readiness>.
- Stakeholders are encouraged to participate in the workshops on Jan 12 and 13; details are available on the initiative webpage at link above.