





Rules of Conduct Enhancements: Track 1 (T1) Straw Proposal Meeting

Stakeholder Meeting
July 13, 2023

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- If you need technical assistance during the meeting, please send a chat to the event producer.

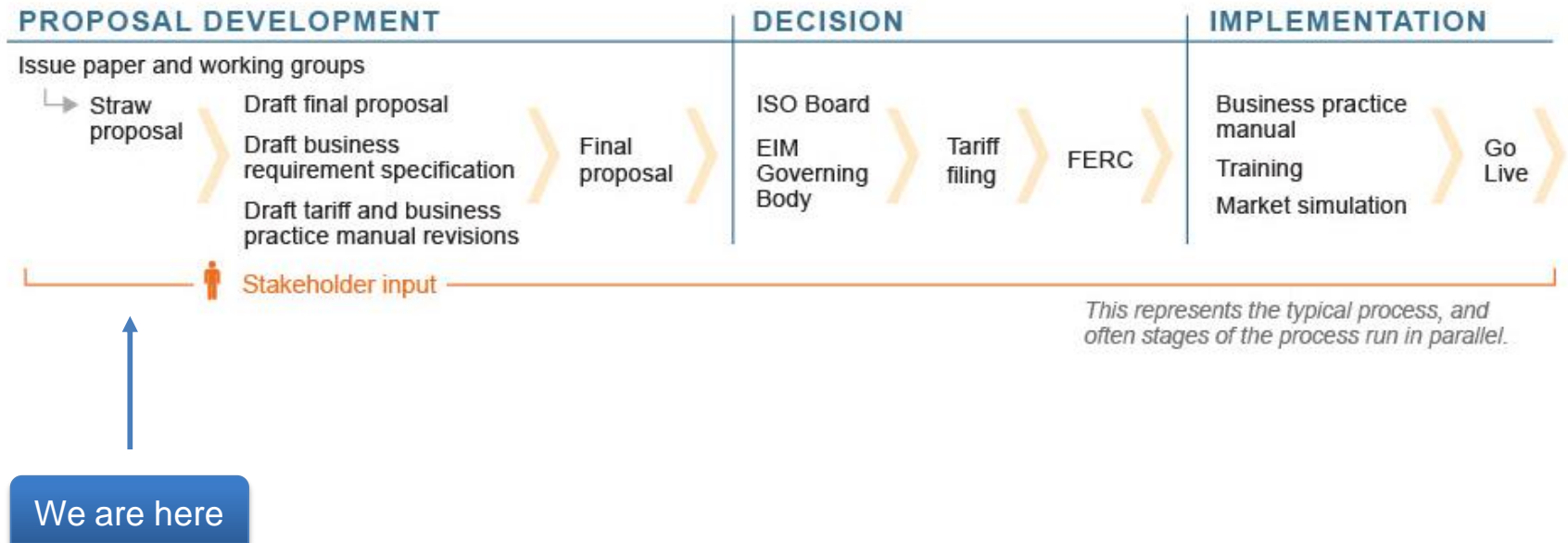
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- You may also send your question via chat to either **Brenda Corona** or to all panelists.

Today's Agenda

Time	Topic	Presenter
9:00 – 9:05	Welcome and today's agenda	Brenda Corona
9:05 – 9:15	Track 1 (T1) background	Dinesh Das Gupta
9:15 – 10:00	T1 straw proposal, Q&A	Dinesh Das Gupta, David Zlotlow
10:00 – 10:05	<i>Break</i>	
10:05 – 10:30	T1 straw proposal, Q&A (cont.)	Dinesh Das Gupta, Angelica Stahl
10:30 – 11:25	Open discussion of T1 straw proposal	
11:25 – 11:30	Next steps	Brenda Corona

CAISO Policy Initiative Stakeholder Process



Background on T1 Straw Proposal

Background on T1 Straw Proposal

Track 1 Timeline*

Milestone	Time
Stakeholder workshop: scope and tracks	June 7, 2023 (9-12pm)
Stakeholder comments due	June 20, 2023
Straw proposal posted	July 6, 2023
Stakeholder meeting on straw proposal	July 13, 2023 (9-12pm)
Stakeholder comments due	July 20, 2023
Draft final proposal posted	August 1, 2023*
Stakeholder call on draft final proposal	August 8, 2023 (1-4pm)*
Joint ISO board of governors & WEIM governing body meeting	September 20, 2023

**All dates are tentative until confirmed through a notice in the ISO's Daily Briefing.*

Background on T1 Straw Proposal

Topic Summary

- Planned Track 2 launch: Q3

Track 1	<ul style="list-style-type: none">• Meter data penalties• Eliminate annual penalty distribution filing• Clarify eligibility for penalty distribution• Clarify application of market adjustment provision in context of WEIM entities
Track 2	<ul style="list-style-type: none">• Define information submission requirements subject to penalty with specificity• Update penalty tolling eligibility to create a clear pathway for SC to invoke the provision• Streamline rules of conduct investigative process• Late forced outage reporting• Moved to Track 2 and expanded: Define submission requirements and penalty structure for DR customer load baseline monitoring data

Questions

Track 1 Straw Proposal

Track 1 Straw Proposal

Eliminate annual penalty distribution filing: Section 37.9.4

- **Current rule:** The ISO holds penalty funds in escrow and distributes them to market participants who did not have a penalty in that year. The ISO must receive FERC approval before the annual distribution of funds.
- **Proposed change:** Remove requirement to receive FERC approval before distribution of Rules of Conduct proceeds in favor of an informational report published to the ISO website.

Track 1 Straw Proposal

Clarify eligibility for penalty distribution: Section 37.9.4

- **Current rule:** Participants not assessed a penalty in a year are eligible for a pro-rata distribution of penalty fund.
- **Proposed change:** Entities exempt from penalties, either because of sovereign immunity or a penalty waiver, are deemed “ineligible market participants” for annual penalty distribution purposes by default

Track 1 Straw Proposal

Meter Data Penalties: Section 37.11.1

- **Current rule:** Both late and inaccurate meter data submissions are subject to a penalty of \$1,000/trading day.
- **Proposed change:** Update penalties for inaccurate meter data submissions. Lower of: (a) 30% of the value of the error; or (b) \$1,000/trading day.
- **Late meter data T+52B:** Hold penalty at \$1000 per day
 - To apply 30% of the error value, the penalty process would be delayed until after T+214B settlement. **Feedback**
- **Late meter data T+214B:** Hold penalty at additional \$3000
 - No data to calculate 30% of the error value
- **New notice:** Extend internal T+44B pre-deadline automatic notice for missing meter data to market participants. **Feedback**

Track 1 Straw Proposal

Example 1a: Inaccurate Meter Data exists in Settlements at T+52B and corrected by T+214B

Gen A (BAID 3333) has inaccurate Meter Data for TD 1/1/2023

Original Gen A meter = 100 MW

Corrected Gen A meter = 99 MW

Average RTD LMP for 1/1/2023 = \$22.21

Current Penalty Amount: \$1,000

30% of Error Approximation: \$160

Proposed Penalty Amount: \$160

Proposed Penalty Amount is calculated as follows:

- $MDP = \text{Min}(|30\% \times \text{MWh difference}| \times$

Track 1 Straw Proposal

Example 1b: Inaccurate Meter Data exists in Settlements at T+52B and corrected by T+214B

Gen A (BAID 3333) has inaccurate Meter Data for TD 1/1/2023

Original Gen A meter = 100 MW

Corrected Gen A meter = 50 MW

Average RTD LMP for 1/1/2023 = \$22.21

Current Penalty Amount: \$1,000

30% of Error Approximation: \$7,995

Proposed Penalty Amount: \$1,000

Proposed Penalty Amount is calculated as follows:

- $MDP = \text{Min}(|30\% \times \text{MWh difference}| \times$

Track 1 Straw Proposal

Example 1: Settlement impacts for Gen A from inaccurate meter data after T+52B

- Corrected Meter Data quantity will automatically be included on T+11M Recalc Settlement Statement.
 - The difference between the revised Meter to TEE will be settled as Uninstructed Imbalance Energy in CC6475 and CC64750.
 - Other impacted charge codes are UFE Settlement in CC6474 and CC64740 and the respective allocation charge codes.
- Proposed penalty amount of \$160 (example 1a) /\$1,000 (example 1b) will be charged to Gen A
 - in CC1591 through a PTB (pass through bill)
 - held in an interest bearing escrow account until following year
 - allocated to eligible Market Participants through their SCs in CC1592

Track 1 Straw Proposal

Example 2: Inaccurate Meter Data exists in Settlements after T+214B

Gen A (BAID 3333) has inaccurate Meter Data for TD 1/1/2023

Original Gen A Meter = 100 MW

Revised Gen A Meter = 99 MW

Average RTD LMP for 1/1/2023 = \$22.21

Current Penalty Amount: \$1,000

30% of Error Approximation: \$160

Proposed Penalty Amount: \$160

Proposed Penalty Amount is calculated as follows:

- $MDP = \text{Min}(|30\% \times \text{MWh difference}| \times$

Track 1 Straw Proposal

Example 2: Settlement impacts for Gen A from inaccurate meter data after T+214B

- Corrected Meter Data cannot be submitted in MRI-S after T+214B.
 - CAISO will provide the Meter Data Template. SC provides corrected Meter Data in hourly values for each resource and trade date.
- Proposed penalty of \$160 will be charged to Gen A (BAID 3333)
 - in CC1591 through a PTB (pass through bill)
 - held in an interest bearing escrow account until the following year
 - allocated to eligible Market Participants through their SCs in CC1592
- Market Adjustment of \$533 will be charged to Gen A (BAID 3333)
 - in CC1593 through a PTB
 - allocated to BAIDs who paid UFE in the UDC impacted by the Meter Data inaccuracy for the event trade dates, to make the market whole.

Track 1 Straw Proposal

Example 2: Market adjustment allocation details

Market Adjustment of \$533 will be allocated back to the SC's under the respective UDC based on the pro-rata share of UFE paid during the event trade dates.

BAID	UFE	Percentage	Allocation
1111	\$7,301	25.74%	\$ 137.17
2222	\$1,365	4.81%	\$ 25.65
3333	\$1,128	3.98%	\$ 21.19
4444	\$9,395	33.12%	\$ 176.52
5555	\$9,180	32.36%	\$ 172.47
Total	\$ 28,369.00	100%	\$ 533.00

Track 1 Straw Proposal

Clarify application of market adjustment provision in context of WEIM entities: Sections 37.5.2.3 & 37.11.2

- **Current rule:** When late or inaccurate meter data is submitted but not processed through the settlements system, the ISO calculates a market adjustment and distributes funds pro-rata by UFE in the impacted utility area. However, WEIM entities can opt out of UFE or are the sole UFE payers in an area, making it unclear if a market adjustment is necessary.
- **Proposed Rule:** The ISO will not apply a market adjustment if there are no additional scheduling coordinator IDs in a given utility distribution company (UDC) area.
 - **Note:** This solution is different than the proposed solution introduced during the June 07, 2023 workshop.
 - The ISO believes that the proposed late and inaccurate meter data penalties are sufficient to encourage compliance. The purpose of the market adjustment is to provide recourse to impacted other entities, of which there are none. **Feedback**

Track 1 Straw Proposal

Example 3: WEIM entity Inaccurate Gen Meter Data exists in Settlements after T+214B

PRSC (BAID is 8888) and EESC (BAID is 9999)
PRSC is the participating SC, EESC is the entity SC

BAID 8888 over reports Gen for 1 Trade Date (same 24 MWs).

Current Penalty Amount: \$1,000 charged to BAID 8888

Proposed Penalty Amount: \$160 charged to BAID 8888

Current Market Adjustment Amount: \$533 from BAID 8888 to BAID 9999

Proposed Market Adjustment Amount: \$533 from BAID 8888 to BAID 9999

UFE Amount is allocated to EESC. In this case, BAID for the over-reported Gen and the BAID which paid UFE amount are different. No change to Market Adjustment allocation.

BAID	UFE	Percentage	Allocation
9999	\$7,470	100%	\$533
Total	\$7,470	100%	\$533

Track 1 Straw Proposal

Example 4: WEIM Entity Inaccurate Load Meter Data exists in Settlements after T+214B

BAID 9999 under reports Load for 1 Trade Date (same 24 MWs).

Current Penalty Amount: \$1,000 charged to BAID 9999

Proposed Penalty Amount: \$179.64 charged to BAID 9999

Current Market Adjustment Amount: \$601.27 charged & allocated to BAID 9999

Proposed Market Adjustment Amount: \$0

Load belongs to EESC and UFE Amount is allocated to EESC. Since the BAID associated to the inaccurate Meter Data, and the BAID which paid the UFE amount are the same (\$0 market adjustment), proposal is to not go through the manual processing in this scenario.

BAID	UFE	Percentage	Allocation
9999	\$7,470	100%	\$533
Total	\$7,470	100%	\$533

Track 1 Straw Proposal

Requested Feedback Areas

- **No market adjustment conducted if no other SCIDs in UDC:**
 - Additional information needed for comprehension?
- **Late meter data penalties:**
 - Ideas for redesigning this penalty? Prefer to include the 30% of error value design over maintaining a quicker penalty process timeline?
- **Meter data penalty T+44B notice:**
 - Is T+44B a good amount of notice prior to T+52B?
- **Future Track Topics:**
 - Please review Ch. 8 and provide feedback in your written comments.
 - The ISO plans to release the Track 2 straw proposal Sept. 18*

**All dates are tentative until confirmed through a notice in the ISO's Daily Briefing.*

Open Discussion

Next Steps

Next steps

- Straw proposal comments are due by end of day **July 20, 2023**.
- Upcoming milestones*:
 - 8/1/23 Draft final proposal
 - 8/8/23 Stakeholder call on draft final proposal

**All dates are tentative until confirmed through a notice in the ISO's Daily Briefing.*

For reference

- Visit initiative webpage for more information:
<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Rules-of-conduct-enhancements>
- If you have any questions, please contact
isostakeholderaffairs@caiso.com



- *Energy Matters* blog provides timely insights into ISO grid and market operations as well as other industry-related news <http://www.caiso.com/about/Pages/Blog/default.aspx>.

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The image shows a large industrial facility with several white energy storage containers. One container in the foreground has a yellow battery icon and the word "STORAGE" overlaid on it.

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