

Description of Charge Types in Settlement Charges Report for PIRP

Introduction

This document supports the “Settlement Charges Report for Participating Intermittent Resources Program” that is posted to the CAISO web site at the following web address: <http://www.caiso.com/1817/181783ae9a90.html>. It provides a description of the CAISO Billing and Settlement Charge Types (“CT”) and the costs associated with the Participating Intermittent Resources Program (“PIRP”).

Charge Types Summary

The table below provides a summary of the CAISO CTs that are relevant to a discussion of the operation and cost aspects of PIRP.

CT Number	CT Title	CT Description
CT 701	PIRP Forecasting Service Fee	Charges Scheduling Coordinator (“SC”) for each Participating Intermittent Resource (“PIR”) based on daily energy production for the forecast provided by the Forecast Service Provider (“FSP”).
CT 702	PIRP Forecasting Service Fee Due Trustee	Allocates monies received through CT 701 to the CAISO trustee account for payment to the FSP.
CT 711	PIRP Intermittent Resources Net Deviations	Charges/payment to SC for each PIR for Uninstructed Imbalance Energy (UIE) associated with deviations. This charge is based on monthly netting of UIE quantities. Month-end netted deviations are charged/paid at the zonal weighted average Market Clearing Price (“MCP”).
CT 721	PIRP Intermittent Resources Net Deviation Allocation Charge	The cost allocation of the difference between the billing amounts of PIRs (CT 711) and those charges that have accrued for CTs 4407, 4487 and 4450 (referred to as CT 731). This charge is applied to those that have Net Negative Deviations.
CT 731	PIRP Intermittent Resources Net (Deviation Reversal	An internal-to-CAISO charge type that collects and reverses the total costs accrued by PIRs for CTs 4407, 4487 and 4450 in the trade month
CT 4407	Real Time Uninstructed Energy Settlement	The payment or charge due to or from a resource for its UIE.
CT 4487	Allocation of Excess Cost for Instructed Energy – Due ISO	The Excess Cost, amount paid above the MCP, of energy purchased in Real Time is collected. This CT collects the total costs associated with CT 4481 Excess Cost Instructed Imbalance Energy (“IIE”) payments to the extent that total energy procured is less than or equal to total negative UIE.
CT 4450	Transmission Loss Settlement	This is the charge or payment due to or from a resource for its Transmission Loss Obligation.
CT 1697	MLCC Tier1 Allocation	Tier 1 allocation of Minimum Load Cost Compensation (“MLCC”) for System Needs. It is allocated to each SC based on its monthly absolute total of its Settlement Interval Net Negative Deviations.

Description of Items in Table 1

Each of the dollar-related line items in the Settlement Charges Report for PIRP is discussed below. Information is provided on the name of the CT, and how the applicable dollar amount is calculated and billed.

PIRP Forecast Service Fee and PIRP Forecasting Service Fee Due Trustee

CT 701 - PIRP Forecasting Service Fee

PIRP Forecasting Service Fee is the sum of megawatt hours (“MWh”) of the daily energy production for the forecast provided by the FSP. The PIRs pay this amount for the forecasting fee at \$0.10/MWh. This is represented by CAISO Tariff Section 11.2.4.5.4.

CT 702 - PIRP Forecasting Service Fee Due Trustee

This charge type allocates monies received through CT 701 to the CAISO trustee account for payment to the FSP.

Subtotal - Forecast Fee Absorbed by CAISO

Forecast Fees Absorbed by CAISO is the difference between the PIRP Forecasting Service Fee paid by the PIRP participants and collected by the CAISO under CT 701, and the costs that the CAISO pays the forecast service provider under CT 702.

Note that CT 701 currently does not collect sufficient funds to pay the entire amount of what the FSP is charging the CAISO. This shortfall is caused by the fixed forecasting fee rate at \$0.10/MWh that is in the CAISO tariff, coupled with the current MWh volumes of the PIRs. The shortfall in the recovery of PIRP forecasting costs is recovered by the CAISO in the same proportion as the costs of the CAISO cost center that contains those costs. All market participants pay this shortfall as part of the CAISO Grid Management Charge. It is not allocated to Net Negative Deviations.

PIRP Intermittent Resources Net Deviations

CT 711 - PIRP Intermittent Resources Net Deviations

This charge type charges or pays a SC for each PIR for UIE associated with deviations. This charge is based on monthly netting of UIE quantities for PIRs. Month-end netted deviations are charged or paid at the zonal weighted average MCP.

If the PIR's 10-minute netted production deviations for the month are negative, then the PIR SC is charged for the deviations. In contrast, if the 10-minute netted production deviations for the month are positive, then the PIR SC is paid for delivered energy. Charges or payments are based on the netted deviation times the weighted average MCP by zone.

In CAISO Tariff Section 11.2.4.5.1 it states “...*the Participating Intermittent Resource (PIR) shall be exempt from the charges (payments) for Uninstructed Imbalance Energy. Instead, the net Uninstructed Imbalance Energy in each Settlement Interval, together with the transmission loss obligation calculated in accordance with Section 7.4.1.1, shall be assigned to a deviation account specific to each PIR.*”

PIRP Deviation Allocation Charge

CT 721 - PIRP Intermittent Resources Net Deviation Allocation Charge

CT 721 PIRP Intermittent Resources Net Deviation Allocation Charge is applied to all SC's with Net Negative Deviations on a prorated basis of total system Net Negative Deviations.

In CAISO Tariff Section 11.2.4.5.3 ok it states “The resulting balance, together with the adjustments to charges in each Settlement Interval or Settlement Period pursuant to 11.2.4.5.2 ok shall be assigned to each Scheduling Coordinator in the same proportion that *such Scheduling Coordinator's aggregate Net Negative Uninstructed Deviations in that month bears to the aggregate Net Negative Uninstructed Deviations for all Scheduling Coordinators in the Control Area in that month.*”

PIRP Intermittent Resources Net Deviation Reversal

CT 731 - PIRP Intermittent Resources Net Deviation Reversal

PIRP Intermittent Resource Net Deviation Reversal (a charge type that is internal to the CAISO) takes the sum of the following CTs:

- **CT 4407** Real Time Uninstructed Energy Settlement.
- **CT 4487** Allocation of Excess Cost for Instructed Energy - Due ISO, and
- **CT 4450** Transmission Loss Settlement.

For 2005 the bulk of the cost allocation in CT 731 is due to CT 4487, which is comprised of CT 4460 (Hourly Pre-dispatch Uplift Payments) and CT 4481 (Excess Cost).

In CAISO Tariff Section 11.2.4.5.2 it states “*Charges pursuant to Section 8.12.3A or Section 11.2.4.2.2 to Scheduling Coordinators representing PIR's shall exclude the effect of uninstructed deviations by PIR's that have scheduled in accordance with the ISO Protocols.*”

In CAISO Tariff Section 11.2.4.5.3ok it states “*The charges (payments) for Uninstructed Imbalance Energy that would have been calculated if the Settlement Interval deviations by each PIR were priced at the appropriate Dispatch Interval Ex Post Price shall be assigned to a monthly balancing account for all the PIRs in the ISO Control Area. The balance in such account at the end of each month shall be netted against the aggregate payments (charges) by Scheduling Coordinators on behalf of the PIRs...*”

MLCC Tier1 Allocation

CT 1697 - MLCC Tier1 Allocation

In CAISO Tariff Section 40.1.6.1.4 (3) it states:

If the Generating Unit was operating to satisfy an ISO Control Area-wide need, the ISO shall allocate the Minimum Load Costs in the following way:

- a. First, to the monthly absolute total of all Net Negative Uninstructed Deviation (determined for each Settlement Interval based on Final Hour-Ahead Schedules) at a per-MWh rate that shall not exceed a figure that is determined by dividing the total Minimum Load Cost in that month by the sum of the minimum loads for Generating Units operating under Waiver Denial Periods in that month; (CT 1697)*
- b. Finally, all remaining costs not allocated per (a) shall be allocated to each Scheduling Coordinator in proportion to the sum of that Scheduling Coordinator's monthly Load and Demand within California outside the ISO Control Area that is served by exports to the monthly sum of the ISO Control Area Gross Load and the projected Demand within California outside the ISO Control Area that is served by exports from the ISO Control Area of all Scheduling Coordinators, CT 1691)*

The dollar amounts reflected in the Settlement Charges Report are the portion of CT 1697 that the PIRP participants would have incurred. These settlement amounts are allocated to SCs based on Net Negative Deviations.