

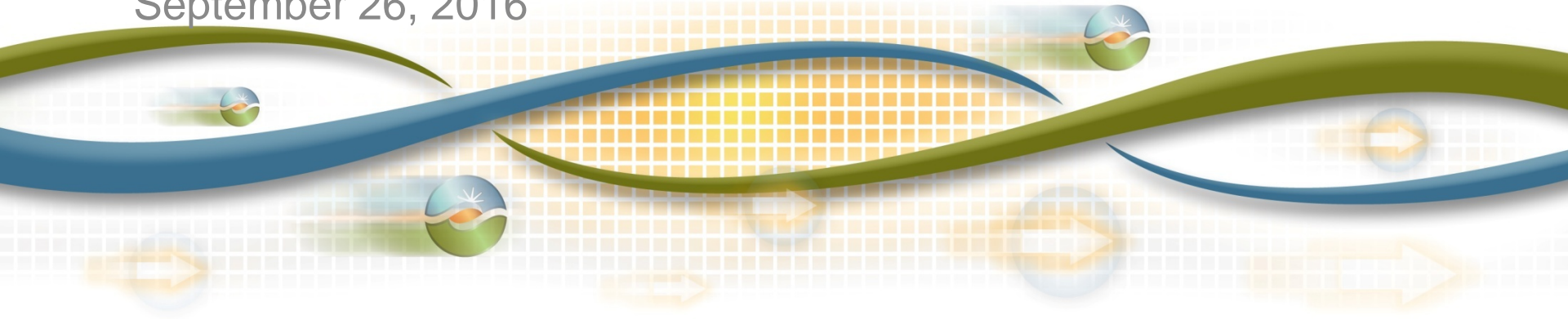


Aliso Canyon Gas-Electric Coordination Phase 2 – Draft Final Proposal

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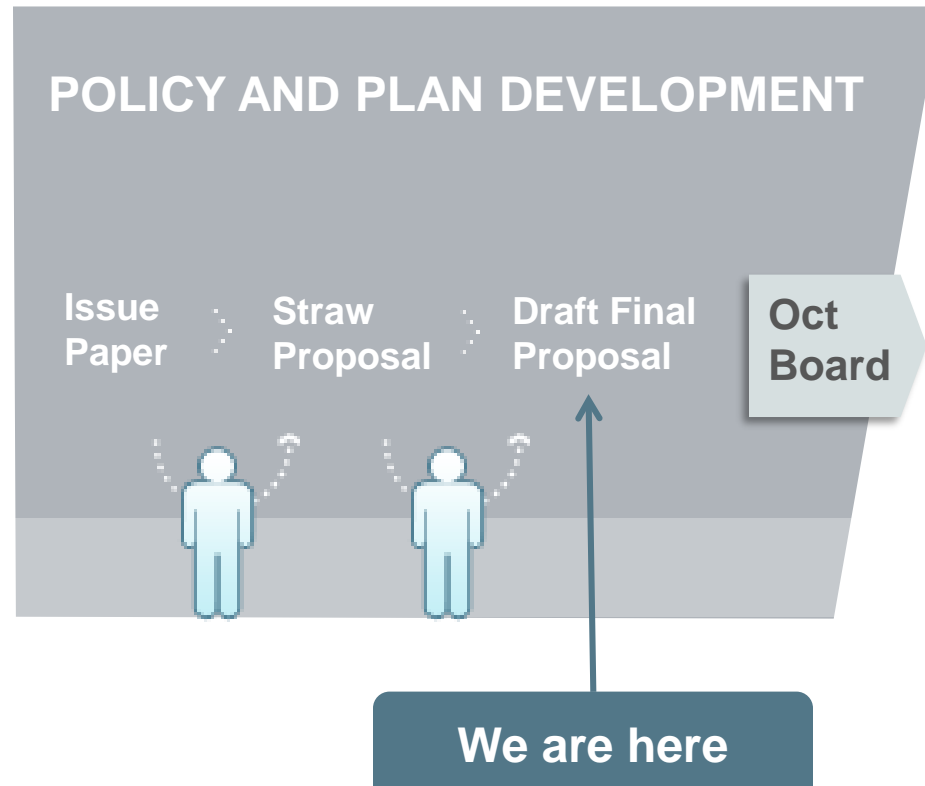


Agenda

Time	Topic	Presenter
1100 - 11:05	Introduction	Kim Perez
11:05 – 11:55	Overview	Cathleen Colbert
	ISO proposal for temporary provisions past November 30th	Cathleen Colbert
11:55 – 12:00	Next Steps	Kim Perez

INTRODUCTION

ISO Policy Initiative Stakeholder Process



Plan for stakeholder engagement

Milestone	Date
Issue and Straw Proposal Posted	9/6/2016
Stakeholder Call	9/9/2016
Stakeholder Written Comments Due	9/14/2016
FERC Technical Conference	9/16/2016
Market Surveillance Meeting discussion item	9/19/2016
Draft Final Proposal Posted	9/22/2016
Stakeholder Call	9/26/2016
Stakeholder Written Comments Due	9/28/2016
Special Session Board Meeting	10/3/2016
Tariff Filing	10/14/2016



OVERVIEW

Aliso Canyon Gas-Electric Coordination Phase 2

- ISO participates in inter-agency task force to assess reliability risks due to limited operations of Aliso Canyon
- Beginning Summer 2016, ISO anticipated the limited operability of Aliso Canyon to affect electric operations.
- Expedited process to address summer risks in Phase 1
 - The ISO designed 11 measures
 - FERC approved with November 30th sunset date
- Expedited process to address winter risks in Phase 2 proposes to retire or extend measures from Phase 1

Aliso Canyon Gas-Electric Coordination Phase 2 Cont.

- Since Phase 1 market design efforts contemplated the risk of **capacity limitations** (winter risk identified) no additional scope items are needed for Phase 2.
- Since winter assessment did identify risk of capacity shortage with the limited operability of Aliso Canyon, ISO will propose to extend some of the temporary provisions
- ISO goals in Phase 2 were to:
 - Evaluate which temporary provisions are needed to continue successfully managing reliability
 - Evaluate what refinements are needed
 - Provide greater transparency still lacking, if possible

ISO filed its Bidding Rules Enhancements board-approved provisions on Aug 19, 2016

Increased commitment cost real-time bidding flexibility

Filed, pending approval

Do not insert RTM bids for units not required to participate or scheduled in DA

Filed, pending approval

After-the-fact cost recovery filing right at FERC for commitment costs

Filed, pending approval

ISO will continue to ask for authority to extend these provisions temporarily until approved by FERC.

Proposal for temporary market changes to improve suppliers' ability to manage assets

Publish 2 day-ahead (TD-2) RUC schedules to Scheduling Coordinators

Extend

Improve DAM gas price index using an approximation of next day gas index

Extend

Adjust the RTM gas price index to include a scalar on the next day gas index

Extend

Include in after-the-fact cost recovery filing right opportunity to seek energy costs incurred above mitigated price

Extend

Proposal for temporary operational tools designed to improve ISO's ability to manage operations

Ability to reserve internal transfer capability into Southern California

Retire

- Mitigation measure – Can reduce CRR amounts in monthly auction

Ability to enforce gas constraints for either capacity or imbalance limitations

**Extend,
refine**

- Mitigation measure – Can override its assessment of competitive paths
- Mitigation measure – Can suspend virtual bidding for market inefficiencies

ISO PROPOSAL FOR TEMPORARY PROVISIONS PAST NOVEMBER 30TH

ISO proposes to extend all temporary market changes without refinement

- ISO finds no revisions to the temporary provisions are needed as it retains authority to adjust scalar levels.
- Commitment to continue evaluating scalar levels based on whether they do not
 - Result in units dispatched to address system needs
 - Account for differences between DA & RT gas prices
 - Improve ability to manage usage within gas rules.
- ISO proposes to clarify the after-the-fact cost recovery is temporarily extended to any default energy bid type

The ISO proposes to retire the authority to reserve internal transfer capability as its not needed

- After Phase 1, Peak RC modified its system operating limit (SOL) methodology to allow path 26 limit to exceed its rating under emergency conditions so ISO does not need functionality to derate limit in day-ahead.
 - WECC Path Rating
 - **System Operating Limit**
- To ensure it can serve load, ISO Operations can now utilize real-time contingency analysis to increase transfer capability while ensuring ISO grid reliability
- ISO will retire authority to adjust CRR amounts

Operations will not shed load pre-contingency due to conservative WECC path rating if RT tool shows no reliability issue

ISO proposes to extend gas constraints for either imbalance or capacity limitations with the following refinements

- Revise constraint to only limit to max operating levels
- Revise capacity limitation to be based off of ISO assessment of its system needs in light of gas concerns
- Revise imbalance limitation's appropriate usages to include managing electric system in response to gas company issuing a curtailment watch
- Revise the gas constraint design to provide greater flexibility for Operations to distribute either type of limitation across hours as deemed appropriate but default to ratio of hourly load to daily load

Guidance on what additional details will provide on mitigation measures in implementation phase

- ISO will add a description of its forward competitive path assessment methodology in its Market Operations BPM, Attachment B Competitive Path Assessment.
- ISO will clarify how Operations will use this forward competitive path assessment when Operators make a judgement to enforce the gas constraint.
- ISO will not provide any additional details on how it might determine to suspend virtual bids but will issue a technical bulletin on the justification for a general suspension or limitation of Virtual Bids if done.

ISO commits to continue to look for ongoing opportunities to enhance coordination

- ISO will pursue providing real-time gas burn information to gas companies.
- ISO will pursue providing more than one day's worth of gas burn data at a time to encompass gas operating day
- ISO will evaluate if it should provide the gas burn values to scheduling coordinators for their units as well

NEXT STEPS

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