Market Update Call Meeting Minutes

August 13, 2020[1]

Agenda

1) Updates and Meeting Minutes Review – Rahul Kalaskar
2) Weekly Performance Report – Rahul Kalaskar
3) Price Correction Reports – Rahul Kalaskar
4) General Questions/ Comments– Rahul Kalaskar

Update:

Weekly Market Performance Report

The ISO has published the bi-weekly market performance report for July 22, 2020 – August 04, 2020. The maximum hourly IFM DLAP price for this period was $245.23/MWh. For the two week period, the day-ahead total cleared demand was above 43,000 MW. The Real-Time market also observed some high price on July 30 and 31. These high prices were attributed to congestion and high demand in Southern California.

Review of the Price Correction Report

During the week of July 20– July 24, the ISO processed 124 intervals for price correction due to data input errors and software defect. During the week of July 27– July 31, the ISO processed 191 intervals for price correction due to data input errors and software defect. During the week of July 27– July 31, the ISO processed 132 intervals for price correction due to data input errors and software defect.

Q&A.

Q: On July 31, 2020 the 6140_CP1_NG nomogram was binding in the real-time market. Did the ISO define this nomogram in real-time or it was already defined before the day-ahead market?
A: The ISO had defined the 6140_CP1_NG in the day-ahead market but it was not binding. This constraint started binding in the real-time.

Q: On August 6, 2020, the Department on Market Monitoring published a report titled: Report on day-ahead market competitiveness: For July 30-31, 2020. http://www.caiso.com/Documents/ReportonMarketCompetitivenessJul30-312020.pdf
In this report figure 3.8 shows the day-ahead market hourly resource adequacy bid by fuel type for July 30 and 31. The report states that, Bids from resources shown to meet system resource adequacy requirements were sufficient to meet peak day-ahead load forecast (solid black line) on each of these days. However, Bids from these resources were not sufficient to meet the day-ahead forecast plus self-scheduled exports (dashed grey line) in hour ending 20 on July 31. Does the ISO have an official response for this report? Does the ISO have any explicit policy to handle self-scheduled exports in the day-ahead market?

[1] The California ISO (CAISO) hosts this bi-weekly market update conference call, generally at 10:15AM PST bi-monthly on Thursdays. This call is an opportunity for market participants to ask general questions regarding the market. Please send any questions to CIDI system, which includes questions that have proprietary information and that might be commercially sensitive.

ISO: As part of a broader analysis, the ISO is looking into the implications of the RA supply available in the CAISO markets to meet forecasted demand. There are specific provisions on how to handle export self schedules in the market based on priorities for the different types of exports.

Q: For July 30, 2020 day-ahead market, the MPM system marginal energy component was about $80/MWh while the IFM energy component was about $180/MWh in HE20?
ISO: The IFM LMPs components which includes the system marginal energy component are calculated using the distributed reference slack bus whereas the MPM LMP components are calculated using a single reference slack bus. The ISO published the Local Market Power Mitigation draft final proposal on May 6, 2011 that provide details about the LMP decomposition. This document is available at the following web link: http://www.caiso.com/Documents/DraftFinalProposal-LocalMarketPowerMitigationEnhancements.pdf

Q. On July 30, 2020, and July 31, 2020 in the day-ahead market for the hour ending 19 the SCE DLAP LMP is above $200. What is driving this price?
A: On July 30, 2020 the SCE DLAP prices in hour ending 19 was driven congestion on Midway- Vincent line (Path 26). This congestion was driven by higher demand in Southern California. For instance on July 30, 2020 the demand forecast for southern California was 1000 MW above the demand forecast on July 29, 2020. Similar conditions were observed in the day-ahead market for July 31, 2020.

Q. On 7/30/2020, the real-time SCE DLAP prices were above $1000 in hour ending 19 and 20. What is the root cause for this high price? Also, the ISO market have a bid cap of $1000, why is the system marginal energy component above $1000 in both FMM and RTD?
A. As stated in the previous response, on July 30, 2020, there was higher demand in southern California and the day-ahead market had observed tight supply conditions. In the real-time markets, two generating units went offline due to a forced outage that resulted in loss of more than 1200 MW of supply. This condition further exacerbated the tight supply condition already observed in the day-ahead market. As a result, there was severe congestion on Midway Vincent that drove high prices for the SCE DLAP. The ISO markets have a bid cap of $1000 but there is no price cap in the market. If there are either self-schedule curtailment or lack of effective bids to mitigate congestion, the LMPs can reach above $1000.

Q: High prices were observed on July 31, 2020 in the real-time market. What is the root cause for these high prices?
ISO: On July 31, 2020, there were fires threatening flows on a group of transmission constraints, this required operators to actively manage flows on path26. The 6410_CP1_NG nomogram was binding in the real-time market.

Q: It appears frequency of congestion on Path-26 constraints in 2020 is higher than 2019. What is the root cause for higher frequency of congestion in 2020 compared to 2019?
ISO: ISO is still analyzing this and will provide an update after completing this analysis.

Q: We have been looking at the real-time system marginal energy costs (SMEC) during the heat wave period and noticed a few intervals where the SMEC was above $1,000/MWh. We were curious as to what was causing that to occur. Normally when the power balance constraint is violated the SMECs are essentially capped at $1,000/MWh. The CAISO BPMs show the power balance constraint has being the

highest priority constraint in the market with a penalty price of $1,000, so unsure what is causing the SMEC to go above that price. Here are some of the RTD Intervals: Aug 18 2020 HE 17 interval 6 and Aug 15 2020 HE 20 Interval 10.
ISO: The ISO market has a bid cap of $1000 but there is no price cap on LMP or its components which includes the system marginal energy component.