Market Settlements Timeline Transformation

Rashele Wiltzius
Manager, Customer Readiness

July 20, 2020
After this training, you will:

- Understand the purpose for the Market Settlements Timeline Transformation initiative
- Be able to explain the three major changes of the Market Settlements Timeline Transformation
- Be able to identify the differences between the current required and optional settlement timelines and the new timelines
- Understand where you can find updated information and resources for the Market Settlements Timeline Transformation initiative
Market Settlements Timeline Transformation

BACKGROUND
Initiative Goals

Produce initial settlement statements that will more closely approximate the final settlement

Allow sufficient time for the CAISO and market participants to resolve disputes

Note: CAISO has removed the dispute threshold from the original proposal and will not be implementing the change as part of the scope of this project.
Poll Question

How excited are you for the new Market Settlements timeline?

A. Bring it on!
B. I want to hear more…
C. I’m a little apprehensive
D. Why am I in this training?
Market Settlements Timeline Transformation

DEFINITIONS
## Definitions

<table>
<thead>
<tr>
<th>Abbreviation/Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPM</td>
<td>Business Practice Manual</td>
</tr>
<tr>
<td>BRS</td>
<td>Business Requirements Specification</td>
</tr>
<tr>
<td>+B [X days]</td>
<td>Plus [X] Business Days</td>
</tr>
<tr>
<td>CAISO</td>
<td>California Independent System Operator</td>
</tr>
<tr>
<td>EAL</td>
<td>Estimate Aggregate Liability</td>
</tr>
<tr>
<td>FERC</td>
<td>Federal Energy Regulatory Commission</td>
</tr>
<tr>
<td>PTO</td>
<td>Participating Transmission Owner</td>
</tr>
<tr>
<td>SQMD</td>
<td>Settlement Quality Meter Data</td>
</tr>
<tr>
<td>T+ [X days]</td>
<td>Trade Date Plus [X days]</td>
</tr>
</tbody>
</table>
OVERVIEW OF CHANGES
Change Overview

- Re-align, consolidate, and extend the required settlement timeline
- Re-align and shorten the optional settlement timeline
- Increase flexibility in publishing settlement statements and weekly invoices
Current Required Settlement Timeline

- **Initial statement**
- **Subsequent statement**
- **Last required statement**

```
T -> 3B -> 5B -> 8B -> 12B -> 48B -> 55B
```

- **Meter data**
- **Market price corrections**
- **Dispute resolution**
New Required Settlement Timeline

- **Initial statement**
  - 3B
  - 5B
  - 7B
  - 9B

- **Last required statement**
  - 52B
  - 70B

- **Market price corrections**
  - 22B

- **Disputes due**
  - 22B
Most significant timeline change is elimination of T+3B statement based on estimated meter data.

Deadline for submitting meter data is 52 business days.

Allows CAISO to incorporate price corrections and SQMD into initial statement.
Current Optional Settlements Timeline

Optional statements

Disputes due

9M
+22B

18M
+22B

33M
+22B

36M
New Optional Settlements Timeline

Optional statements

11M
[+22B Disputes due]

21M

24M
[+22B Disputes due]
Optional Settlement Timeline Comparison

Reduce the number of optional statements from four to three

Reduce the normal settlement lifecycle from 36 months to 24 months
Other Optional Settlement Information

- There is no dollar threshold to trigger an optional statement.
- The T+24M is not subject to dispute unless directed by CAISO Governing Board or FERC.
- The CAISO will trigger optional re-calculation using the same criteria it uses today:

- Settlement adjustments based on complex software defect resolutions
- Participant dispute resolutions identified on prior recalculation statements,
- Good faith negotiations
- FERC mandated adjustments
Not Included in Project

• This initiative does not propose to change the timelines established for invoicing charges from
  – Federal Energy Regulatory Commission (FERC)
  – North American Electric Reliability Corporation (NERC)
  – Western Electricity Coordinating Council (WECC)
  – reliability coordinator services
  – charges for transferred frequency response
  – generator interconnection process (GIP) forfeited deposit
  – reliability coordinator services including hosted advance network application (HANA) services

• The above items are invoiced separately and are not subject to re-calculation
Flexibility in Publishing Statements and Invoices

• Consistent with the current practice, invoices will be published on Wednesdays
  – Invoices will be considered timely if published by 5:00 a.m.
  Thursdays

• For weekly invoices published after 5:00 a.m. on Thursdays, the invoice due dates will be adjusted to be 4 business days from that invoice date
  – This provision will only be enacted as a result of a processing issue
Poll Question

In the *new* Market Settlements timeline, what will be the *first* settlement statement you’ll receive?

A. 3 business days after the trade date
B. 7 business days after the trade date
C. 9 business days after the trade date
D. 12 business days after the trade date
Poll Question

In the *new* Market Settlements timeline, will you receive an optional statement 36 months after the trade date?

A. You betcha, I will!
B. Nope
C. If I request it, sure
D. I have no idea…help!
Market Settlements Timeline Transformation

RESOURCE CHANGES
Payment Calendar

- The ISO has created a payment calendar that has a timeline overlap between the existing and the new timelines.
  - updated recalculation log posted on the [www.CAISO.com](http://www.CAISO.com) Settlements webpage
INITIATIVE: Market settlement timeline

This initiative will explore increasing settlement statement accuracy and timeliness, allowing sufficient time to resolve disputes and streamline the settlement cycle, and reduce administrative costs of processing disputes by identifying a dispute dollar threshold.

Activities

<table>
<thead>
<tr>
<th>Web meeting</th>
<th>Video - Market Settlement Timeline - Jun 05, 2020</th>
<th>View comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/5/2020</td>
<td>10:00 am – 12:00 pm PT</td>
<td></td>
</tr>
<tr>
<td>Details</td>
<td>Presentation - Market Settlement Timeline Draft Tariff Language - Jun 5, 2020 09/05/2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Explanation - Market Settlement Timeline - Draft Tariff Language 05/20/2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Please read this explanation prior to reviewing draft tariff language documents</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Draft Tariff Language - Market Settlement Timeline (Section 11) 05/20/2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Draft Tariff Language - Market Settlement Timeline (Outside Section 11) 05/20/2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Notice of Decisional Classification - Market Settlement Timeline 10/14/2019</td>
<td></td>
</tr>
</tbody>
</table>
## BPM Changes

<table>
<thead>
<tr>
<th>BPM</th>
<th>Description of Impact(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Credit Management and Market Clearing</strong></td>
<td>Yes based on timeline changes.</td>
</tr>
<tr>
<td>Definitions &amp; Acronyms</td>
<td>Section 3 – Definitions</td>
</tr>
<tr>
<td></td>
<td>• Add “Initial Settlement Statement: T+9B”</td>
</tr>
<tr>
<td></td>
<td>• Add “Initial Settlement Statement: T+70B”</td>
</tr>
<tr>
<td></td>
<td>• Add “Recalculation Settlement Statement T+11M”</td>
</tr>
<tr>
<td></td>
<td>• Add “Recalculation Settlement Statement T+21M”</td>
</tr>
<tr>
<td></td>
<td>• Add “Recalculation Settlement Statement T+24M”</td>
</tr>
<tr>
<td></td>
<td>POC: Sidney Mannheim</td>
</tr>
<tr>
<td><strong>Energy Imbalance Market (EIM)</strong></td>
<td>Section 11.5</td>
</tr>
<tr>
<td></td>
<td>Section 11.5.1 needs updating reflect new trade date timeline: T+9B, T+52B, T+70B.</td>
</tr>
<tr>
<td><strong>Market Instruments</strong></td>
<td>Update BPM to show that the new Settlements Timeline will be used for the FERC 844 zonal and resource uplift reports.</td>
</tr>
<tr>
<td><strong>Metering</strong></td>
<td>Yes based on timeline changes.</td>
</tr>
<tr>
<td><strong>Settlements &amp; Billing</strong></td>
<td>Section 2.3.2 – Schedule for Settlement Statement Publication</td>
</tr>
<tr>
<td></td>
<td>Section 2.3.5.1.1 – Dispute Timing</td>
</tr>
<tr>
<td></td>
<td>Section 2.3.6 – Billing &amp; Payment</td>
</tr>
<tr>
<td></td>
<td>Section 2.4 – Payment Calendars</td>
</tr>
</tbody>
</table>
## Settlement Charge Code Impacts

<table>
<thead>
<tr>
<th>Project</th>
<th>Charge Codes/Impacts</th>
</tr>
</thead>
</table>
| Market settlement timeline transformation (MSTT)  | 6474*  
64740*  
Real Time Energy Quantity PC*  
*These are design only. Configuration Guide change not expected for these charge codes but will be reflected have daily initial runs that include UFE (CC 6474, 64740), MSS Deviation Penalties (CC 1407, 2407), EIM Transfers and EIM Bid Cost recovery uplift allocation. |
| Effective date: 1/1/2021                           |                                                                                   |

Note: for more information on Settlement impacts, attend the Settlements User Group bi-weekly meeting
Market Settlements Timeline Transformation

TIMELINE AND NEXT STEPS
Settlements Change Timeline Information

- New timeline effective trading day **January 1, 2021**
- Trading days through December 31, 2020 will be settled and billed on the current timeline
  - The final trade date for old timeline is the day before the production go-live date
What Happens with Trade Dates Before December 31, 2020?

• For any trade date prior to production go-live, the ISO shall continue to publish:
  – the initial statement at T+3B
  – the subsequent statement at T+12B
  – the last required statement at T+55B

• For any trade date prior to production go-live and when optionally needed, the ISO shall continue to publish:
  – the first optional statement at T+9M
  – the second optional statement at T+18M
  – the third optional statement at T+33M
  – the last optional statement at T+36M
## MSTT Milestones

<table>
<thead>
<tr>
<th>Date</th>
<th>Milestone</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 27 – September 4, 2020</td>
<td>Market Simulation</td>
</tr>
<tr>
<td>October 1, 2020</td>
<td>Deployment</td>
</tr>
<tr>
<td>January 1, 2021</td>
<td>Production Activation/Effective Trade Date</td>
</tr>
</tbody>
</table>
Market Simulation Overview

• Market Participant pre-Market Simulation Actions
  – MP’s will need to register their request with the ISO to participate in the Market Settlement Timeline Transformation project simulation via the MarketSim@caiso.com mailbox.
  – Identify at least two (2) existing resources that are certified to submit meter data or updated meter data. The ISO will utilize one of the resources to demonstrate the functionality.

Market Simulation participants should have submitted requests to participate and any additional information identified above by July 3, 2020.
Market Sim Scenarios

- **Scenario #1** – Publish Initial Statement and Invoice
- **Scenario #2** – Publish Recalculation Statement and Invoice
- **Scenario #3** – Validate Running Simultaneous Settlement Timelines

<table>
<thead>
<tr>
<th>Current Timeline</th>
<th>Initial Statement</th>
<th>Recalculation Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Meter submission</td>
<td>Publish Statement</td>
</tr>
<tr>
<td>Production</td>
<td>3B</td>
<td>12B</td>
</tr>
<tr>
<td>Market Simulation</td>
<td>N/A</td>
<td>4B</td>
</tr>
<tr>
<td>MSTT timeline</td>
<td>Production</td>
<td>9B</td>
</tr>
<tr>
<td></td>
<td>3B</td>
<td>6B</td>
</tr>
<tr>
<td>Market Simulation</td>
<td>3B</td>
<td>6B</td>
</tr>
</tbody>
</table>
Resources – Stakeholder Initiatives

• Information for this initiative can be found under Stakeholder Initiatives located on the following CAISO with the following resources:
  – Draft Final Proposal
  – Presentations
  – Video of Presentations
  – Draft Tariff Language

Home>Stay Informed>Stakeholder Initiatives>Market settlement timeline
https://stakeholdercenter-stg.oa.caiso.com/StakeholderInitiatives/Market-settlement-timeline
Resources - Release Planning Page

- Information for this initiative can be found under Fall 2020 Releases located on the following CAISO webpage with the following resources:
  - Business Requirements (BRS)
  - Market Simulation Scenarios
  - Draft CAISO Payments Calendar 2021
Poll Question

Now that you have attended this training, do you feel like you understand the new Market Settlement Timeline?

A. Yup, I am good to go!
B. I feel relatively confident, but I have some questions
C. I think I want to wait for Market Sim to answer that
D. Thanks for the training, but I am still confused. Eek!
Final Questions
For more detailed information on anything presented, please visit our website at:

www.caiso.com

Or send an email to:
CustomerReadiness@caiso.com