

Summer Readiness 2021 Enhancements Training - Part 2 Outstanding Questions

Thursday, April 29, 2021

Chat Questions

Import Market Incentives During Tight System Condition

Question: How/when will the CAISO notify market participants that the "tight system conditions" criteria have been met? Will there be an after-the-fact report showing which hour(s) qualified?

Response: Tight system conditions - only indication is when you get a settlement statement. There is a loose relation of tight system conditions with the AWE notifications, but there isn't an explicit relationship.

Question: So the market won't actually know there are "tight system conditions" in real-time? How are participants supposed to know how to react to something they are not aware of?

Response: AWE notifications serve as the public notification of tight system conditions. As far as settlements is concerned, we will be publishing a Flag Bill Determinant with their statement that would identify hours of tight system conditions.

Question: Is there any make whole payment for the opposite flow during tight conditions? eg, bid to export in HASP \$500, awarded in HASP, but FMM clears \$1000? Any make-whole for that?

We will provide make-whole payments during tight system conditions to real-time market import amounts that are incremental to any import amount scheduled in the day-ahead market and day-ahead scheduled exports that the real-time market reduces. These day-ahead scheduled exports that are rebid in the real-time market and reduced, are consequently considered real-time market imports.

Real-time Scarcity Price Enhancements –

Question: Operating Reserve question - what if a reserve seller wants to compete with an energy price less than the cap to increase the likelihood of economic dispatch? How are resource dispatches allocated if all reserve energy is now priced at the cap?

Response: The policy is intended to release the reserve at the bid cap in order to prevent consequences to price signals as the result of new supply additions to the bid stack. As such, there are no opportunities for sellers to adjust their bids below the cap. The resources with capacity bid at the cap will be dispatched randomly if that capacity is needed to serve load and that capacity is otherwise equally optimal. For example, suppose resource A has 10 MW priced at the cap and resource B has 5 MW priced at the cap and both are located close to each other. Suppose 5 MW of this capacity is needed to serve load. The dispatch optimization may choose to dispatch 2 MW from A and 3 MW from B, 3.9 MW from A and 1.1 MW from B, all 5 MW from B, etc.

Queue Questions

Real-time Scarcity Price Enhancements

Question: Only occurs when the ISO is “arming load” which is further described as occurring in Stage 2 (presentation slide17).

- The external BRS states that it could be a warning or Stage 1 – 3 (BRQ 440) and does not talk about arming load.
- The tariff filing states – “Management proposes an enhancement to improve market pricing when system conditions are very tight and the ISO system operators are “arming load” to meet the balancing authority area’s contingency reserve requirements....”. It further describes what arming load means, but does not state that occurs at Stage 2 specifically.

Response: The CAISO tariff currently allows the CAISO to dispatch operating reserves during a system emergency; however, only dispatched contingency-only reserves were priced at the energy bid cap. The CAISO’s proposal merely extended this pricing construct to non-contingency-only reserves as well to avoid incorrect price signals. Although the CAISO generally would only dispatch operating reserves when it has exhausted available energy bids and armed load to meet reserve requirements, which likely would occur during a stage 2 emergency, the CAISO tariff provides operators some flexibility due to the fluidity and rapidity of system emergencies.

ISO Today/Today’s Outlook –

Question: When we show net imports, which ties are used to calculate this number (because some ties are embedded within other ones)?

Response: All information will be posted as the net flow on the CAISO defined scheduling ties, as identified in OASIS under Atlas -> BAA Tie Definition where the From BA is CISO

Question: Please confirm that the description of the Net RA Capacity Line in the new chart in Today’s Outlook and ISO Today is described in the BRS.

In Phase 1: : $\text{Daily Net Operational RA} = \text{Daily Operational RA} - \text{Sum of Wind ELCC Shown in CIRA} - \text{Sum of Solar ELCC shown in CIRA}$

In Phase 2: $\text{Hourly Net Operational RA} = \text{Hourly Operational RA} - \text{Hourly Wind Forecast on RA resources} - \text{Hourly Solar Forecast on RA resources}$