System Market Power Mitigation Discussion

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Today’s discussion

Review how the ISO’s proposed system market power trigger and competitive LMP performed during tight supply conditions in August and September 2020
ISO Revised Draft Final Proposal Trigger

• ISO is in the highest priced EIM region

• ISO prices are greater than proxy peaker price:
  – Internal proxy peaker
  – External proxy peaker + amortized startup costs

• Median price where trigger was met was $224

• 226 15-minute intervals would have met the trigger over the two month period
ISO Revised Draft Final Proposal Trigger (HASP)

CAISO SMEC when RSI test was triggered to run Aug - Sep 2020

- Number of HASP Intervals
- CAISO SMEC ($/MWh)

[Histogram data not provided in text format]
ISO Revised Draft Final Proposal Trigger (HASP)

CAISO SMEC when RSI test triggered Aug - Sep 2020

CAISO SMEC ($/MWh)

Mitigated Values

ISO’s intent is to ensure that prices are not mitigated below competitive external prices.

The revised draft final proposal proposes to mitigate to the greater of:

- Competitive LMP
- Default Energy Bid
ISO SMEC and approximated mitigation value for triggered HASP intervals on 8/14/2020 and 8/15/2020
DLAP market prices vs DLAP LMP re-run with competitive bids
Revised Competitive LMP

• Competitive LMP is the greater of
  – Second highest-priced EIM region’s marginal energy cost
  – Highest-priced cleared import on a constrained intertie
DLAP market prices vs. proposed competitive LMP used in mitigation

![Graph showing market prices](image)

- **SCE DLAP LMP**
- **PGAE DLAP LMP**
- **Competitive LMP**

8/14/2020

8/15/2020
DLAP market prices vs. DLAP LMP re-run with competitive bids vs. proposed competitive LMP used in mitigation
DLAP market prices vs DLAP LMP re-run with competitive bids vs. competitive LMP used in mitigation for 9/5/2020