Commitment Cost and Default Energy Bid Enhancements

Stakeholder Conference Call
May 20, 2020
New online stakeholder commenting tool coming this Spring

• Ability to view all comments with a single click.

• Ability to filter comments by question or by entity.

• Login, add your comments directly into the template and submit.
  o You can save and return to your entry anytime during the open comment period.

NOTE
Submitting comments in the new tool will require a one-time registration.
Summary of prior filing:

• No changes to how default commitment costs and default energy bids (i.e., reference levels) are calculated
  – Retain 125% multiplier in default commitment costs and 110% multiplier to default energy bid costs
• Allow suppliers to request adjustments to reference levels
  – Multipliers included in reference level change requests
• Allow use of Monday-only index and updates to real-time market reference levels based on current gas prices
• Permanently implement interim Aliso Canyon measures
FERC January 21, 2020 Order

• FERC rejected including the 125% multiplier in default commitment costs in the context of reference level adjustments
• FERC did not rule out the remainder of the CCDEBE proposal
• Accepted use of Monday-only index, real-time updates and permanently implement interim Aliso Canyon measures
CAISO plans to resubmit CCDEBE tariff language with changes consistent with FERC’s direction

- No changes to how default commitment costs and default energy bids are calculated
  - Retain 125% multiplier in commitment costs and 110% multiplier to default energy bid costs

- Allow suppliers to request adjustments to reference levels
  - Do not allow use of commitment cost or default energy bid multipliers in reference level change requests
125% multiplier in the calculation of default commitment costs is still appropriate

• Captures:
  – Differences between weighted average price used to calculate the default commitment cost bid caps and price of an individual transaction (especially true for EIM areas)
  – Resource operational constraints that the market does not fully model
  – Incidental and hard to define costs that formulaic calculations may not capture

• Retaining the multiplier reduces the quantity of reference level adjustments, which reduces the administrative burden
Example of how default commitment costs are calculated (before reference level change requests)

• Do not propose changes to default commitment cost calculations
  – For example, current default minimum load cost calculation:

  Default minimum load cost = 125% * [(Gas Price * Pmin * HR) + Non-Fuel Costs] + Opportunity Cost Adder
SoCal-City Gate Hub Prices deviation from weighted average price
SoCal-City Gate Hub Prices deviation from weighted average price

Cumulative percentage of deviation from weighted price

- Next Day Gas
- Same Day
PG&E Gate Hub Prices deviation from weighted average price
Reference level change requests – for both default commitment costs bids and default energy bids – multipliers unnecessary

• Exclusion of multipliers in reference level adjustments appropriate given the infrequency prices are likely to change throughout the day

• After-the-fact cost recovery process available for any costs not covered
Example of revised default minimum load cost bid calculation submitted in automated reference level change request

• Suppliers must calculate the requested default commitment cost bid using their verifiable expected or actual fuel costs
  – The calculation should not include the 125% multiplier
  – *For example*, revised default minimum load cost bid = 
    \[(\text{Resource-Specific Gas Price} \times \text{Pmin} \times \text{HR}) + \text{Non-Fuel costs} + \text{Opportunity Cost Adder}\]

• For manual requests, suppliers will only submit their actual or expected fuel cost and the ISO will calculate the revised reference level bid
Next day price variations – SoCal- Citygate
Same day variations – SoCal City Gate

Same Day. SoCal-City Gate. Jan 6, 2017

Same Day. SoCal-City Gate. Oct 30, 2017

Same Day. SoCal-City Gate. Aug 3, 2018

Same Day. SoCal-City Gate. Apr 26, 2019