

# Market Monitoring Report

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## Market Monitoring Report

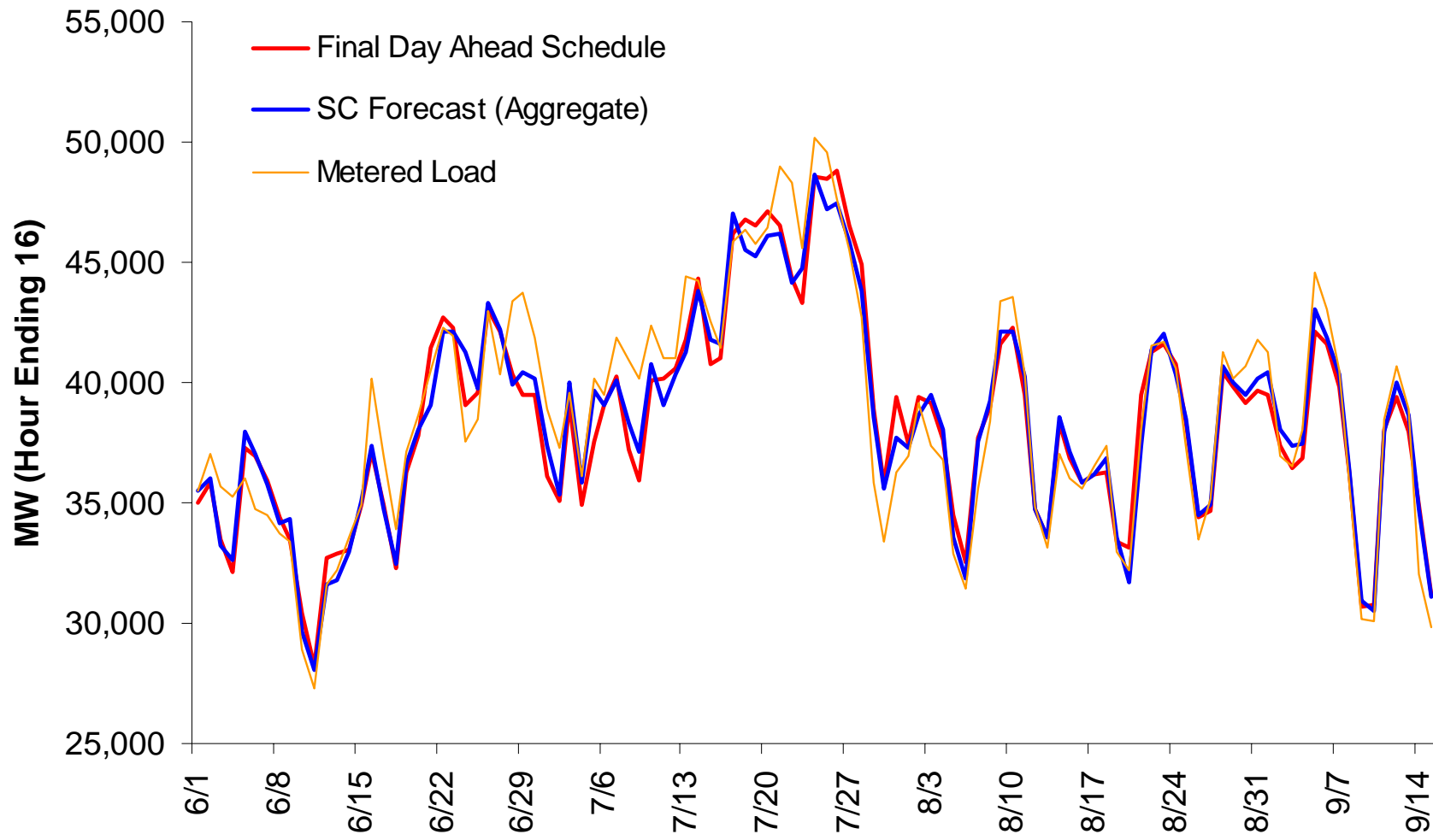
**DMM Report focused on three key issues:**

- **Compliance with Amendment 72 Load Forecast and Scheduling Requirements**
- **Generation Outage Reporting Requirements**
- **Preliminary analysis of Bid Insufficiency in Ancillary Service Markets during Summer 2006**

## Compliance with Amendment 72 Load Scheduling Requirements

- **Two types of Compliance:**
  1. Submittal of Day Ahead Forecasts & Weekly Summary Reports
    - Explicit penalties for non-compliance (\$500)
    - Enforced by DMM, subject to appeal to FERC
  2. 95% Day Ahead Scheduling Requirement
    - No explicit penalties in CAISO tariff
    - Subject to enforcement by FERC
    - DMM reports data relating to compliance to FERC
  
- **Compliance with Informational Requirements**
  - Virtually 100% since May 2006 (compared to 75% before DMM program)
- **Compliance with 95% Scheduling Requirement:**
  - Overall compliance very high & virtually 100% during peak hours.
  - Improved compliance since implementation of DMM reporting program
- **SCs' load forecast data very accurate relative to actual metered load data**
  - Slight tendency to under-forecast in very high load hours

## Comparison of SC Forecasts, Schedules and Metered Loads (Hour Ending 16)



## Generation Outage Reporting Requirements

- **DMM supports proposed modifications to outage reporting requirements & SLIC reporting tools**
- **Compliance with 30 minute reporting requirement has improved slightly after July 11 filing to suspend penalties**
- **However, DMM cautions that:**
  - Historically, about 25% forced outages not reported within 30 minute deadline under CAISO tariff
  - Penalties for non-compliance are substantial (reach \$5,000 for each occurrence after 3rd violation in 12 months)
  - DMM does not have discretion to reduce/eliminate penalty due to “mitigating circumstances” or other factors
    - DMM can only submit filing with FERC recommending a reduction of penalty
  - Absent improvement in compliance, cost impact and workload of penalties could be significant.