

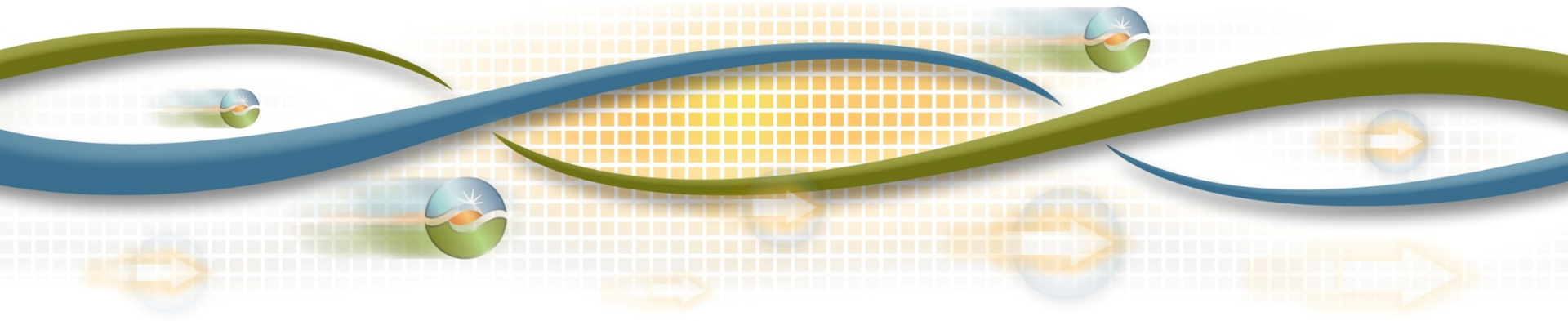
Commitment Costs Enhancements

Second revised straw proposal discussion

July 22, 2014

Delphine Hou

Senior Market Design and Policy Specialist

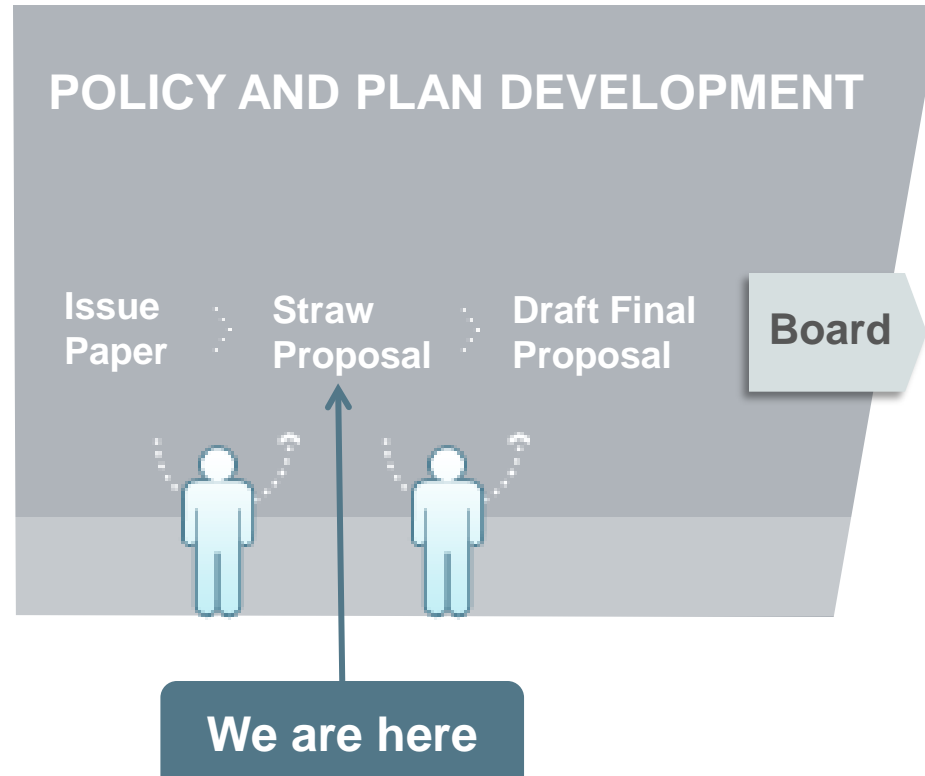


Agenda

Time	Topic	Presenter
1:00 – 1:05	Introduction	Mercy Parker Helget
1:05 – 1:45	Changes from issue paper/straw proposal and discussion	Delphine Hou
1:45 – 2:00	Next Steps	Mercy Parker Helget

The call is scheduled for 2 hours but we will attempt to finish within an hour in recognition of Southern California Gas Company's and San Diego Gas & Electric Company's meeting for Low Operational Flow Order and Emergency Flow Order Requirements.

ISO Policy Initiative Stakeholder Process



Removal of opportunity cost methodology

- In response to stakeholder feedback, will start a separate discussion on opportunity costs.
- Lack of opportunity cost methodology today is balanced with less stringent must offer requirements for use-limited resources.
- The ISO still intends to have an opportunity cost methodology in place for use-limited resources impacted by more stringent must offer obligations developed under the Reliability Services Initiative.
- ISO will announce the start of a separate initiative at a later date.

Summary of current proposal

- Eliminate registered cost option for all resources.
- Increase proxy cost option cap to 125% for all resources.
 - See Section 6 in second revised straw proposal for a summary of existing proxy cost-related processes, inputs, and attributes that will be maintained.
- Activate manual process for gas price spikes >125%.

Additional information

- ISO appreciates stakeholder feedback on questions posed in Section 6 of the revised straw proposal.
- We have provided clarifications to our original questions in Section 6.1.

Next steps

Date	Event
Wed 4/30/14	Issue paper/straw proposal posted
Wed 5/7/14	Stakeholder call
Wed 5/21/14	Stakeholder comments due
Tue 6/10/14	Revised straw proposal posted
Tue 6/17/14	Stakeholder call
Tue 7/1/14	Stakeholder comments due on revised straw proposal
Tue 7/15/14	Second revised straw proposal posted
Tue 7/22/14	Stakeholder call
Tue 7/29/14	Stakeholder comments due on second revised straw proposal posted
Tue 8/12/14	Draft final proposal posted
Tue 8/19/14	Stakeholder call
Tue 8/26/14	Stakeholder comments due on draft final proposal
Thu/Fri 9/18-9/19/14	Board of Governors meeting