



Briefing on 2019 Policy Roadmap

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ISO Board of Governors Meeting

General Session

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Each year Management presents its policy development plan the ISO Board and the EIM Governing Body.

- Management develops a 3 year roadmap that provides the high level policy development plan and an annual plan listing policy initiatives to be addressed in the upcoming year.
- Several changes have occurred to the annual plan presented in December
 - Five new initiatives added
 - Two initiatives removed
- Stakeholders requested the ISO update the 2019 annual plan
- 2020 through 2022 three year roadmap and 2020 annual plan currently under development and will be presented at the end of the year

2019 Annual Plan - initiatives added

- Real-time Market Neutrality Settlement
 - Address cost allocation inefficiency identified in current approach
- FERC Order 831 – Bid Cap
 - Further examine changes to ISO market constraint relaxation prices under \$2,000/MWh bid cap
- Import Bid Cost Verification
 - Develop cost verification requirements for import bids above \$1,000/MWh
- Hybrid (solar + storage) Resources
 - Explore how hybrid resources can be registered and configured to operate in the ISO market
- Capacity Procurement Mechanism - Soft Offer Cap
 - Update the Capacity Procurement Mechanism soft-offer cap and compensation for 12-month CPM designations

2019 Annual Plan - initiatives removed

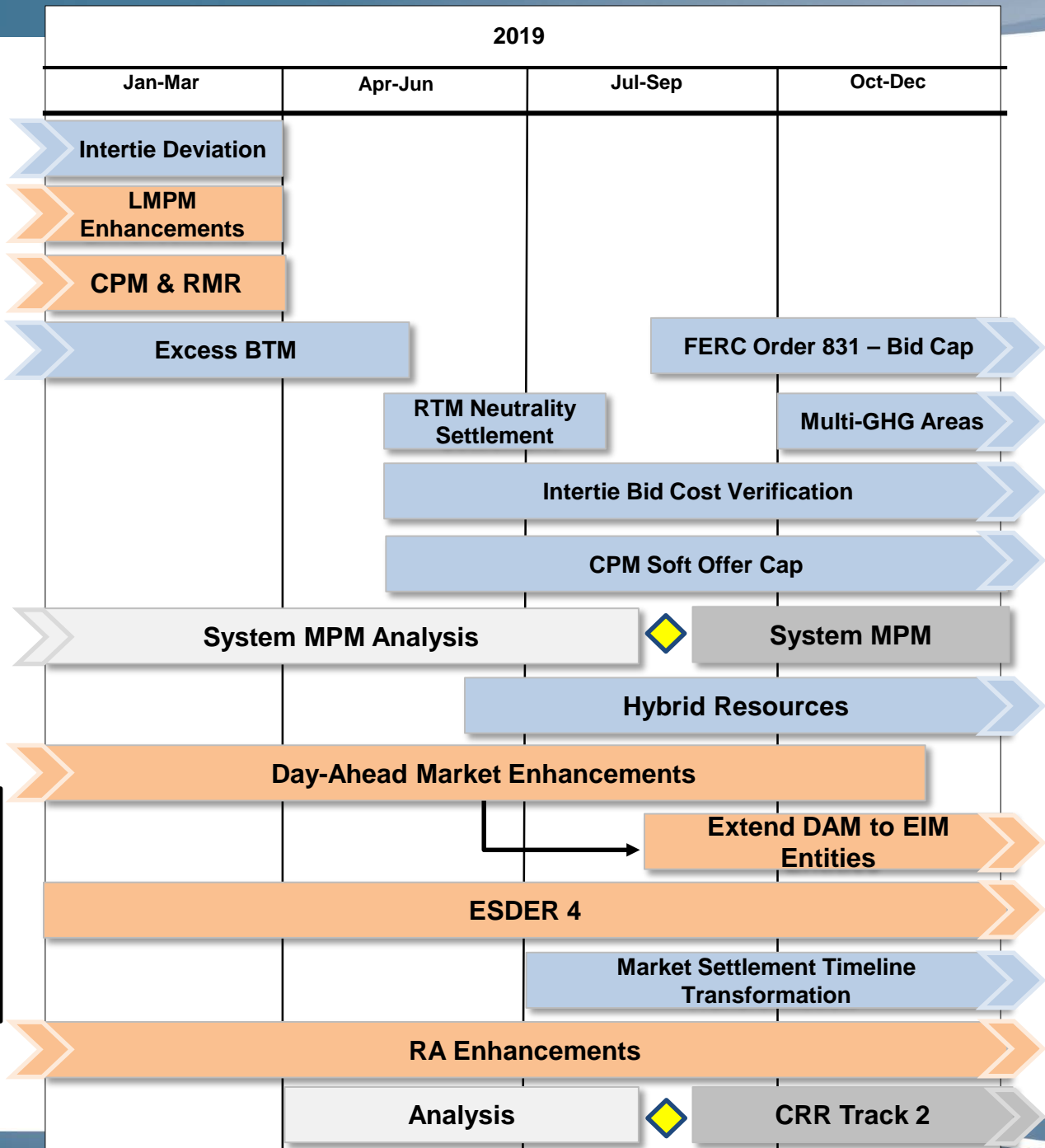
- Day-Ahead Market Enhancements – 15-Minute Granularity
 - Deferring in consideration of stakeholder comments
- Storage as a Transmission Asset
 - Deferred to 2020 to provide time for storage dispatch policy resolution in ESDER 4

Other initiative updates

- TAC Structure Enhancements
 - Targeting Board of Governors in February 2020 to ensure coordination and alignment with Extended Day-Ahead Market policy
 - Targeting 2021 implementation for 2022 rates

2019 Annual Plan

*Timeframes are approximate and are subject to change



Major Initiatives

Initiatives

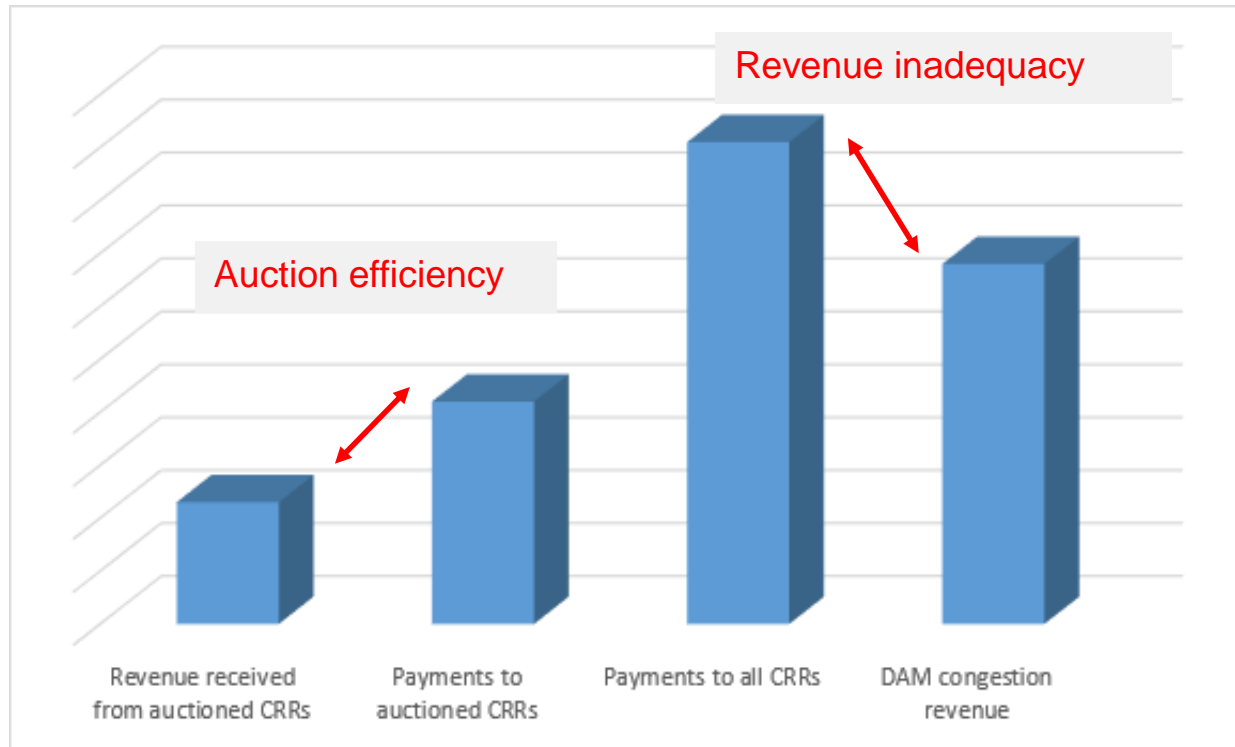
Decision Point

Potential Initiative

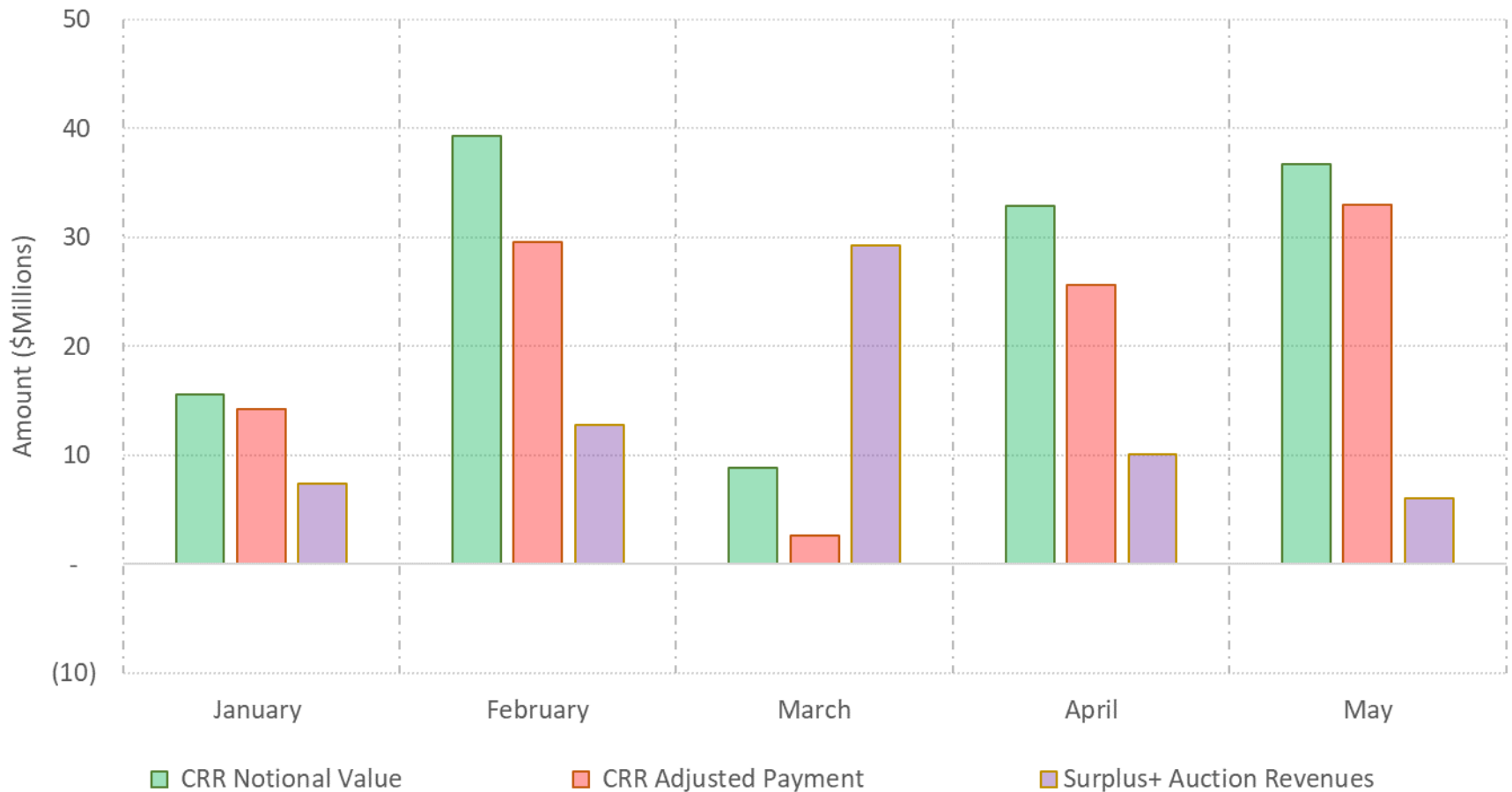
Continuing to analyze need for system market power mitigation measures and further CRR market enhancements

- System market power
 - Structural competitiveness analysis complete
 - Continuing stakeholder process to determine appropriate mitigation measures
- Congestion revenue rights market
 - Initial analysis shows enhancements implemented last year have resulted in significant market improvement with some mixed results
 - Results to date do not support need for additional enhancements
 - ISO will continue to monitor CRR market performance

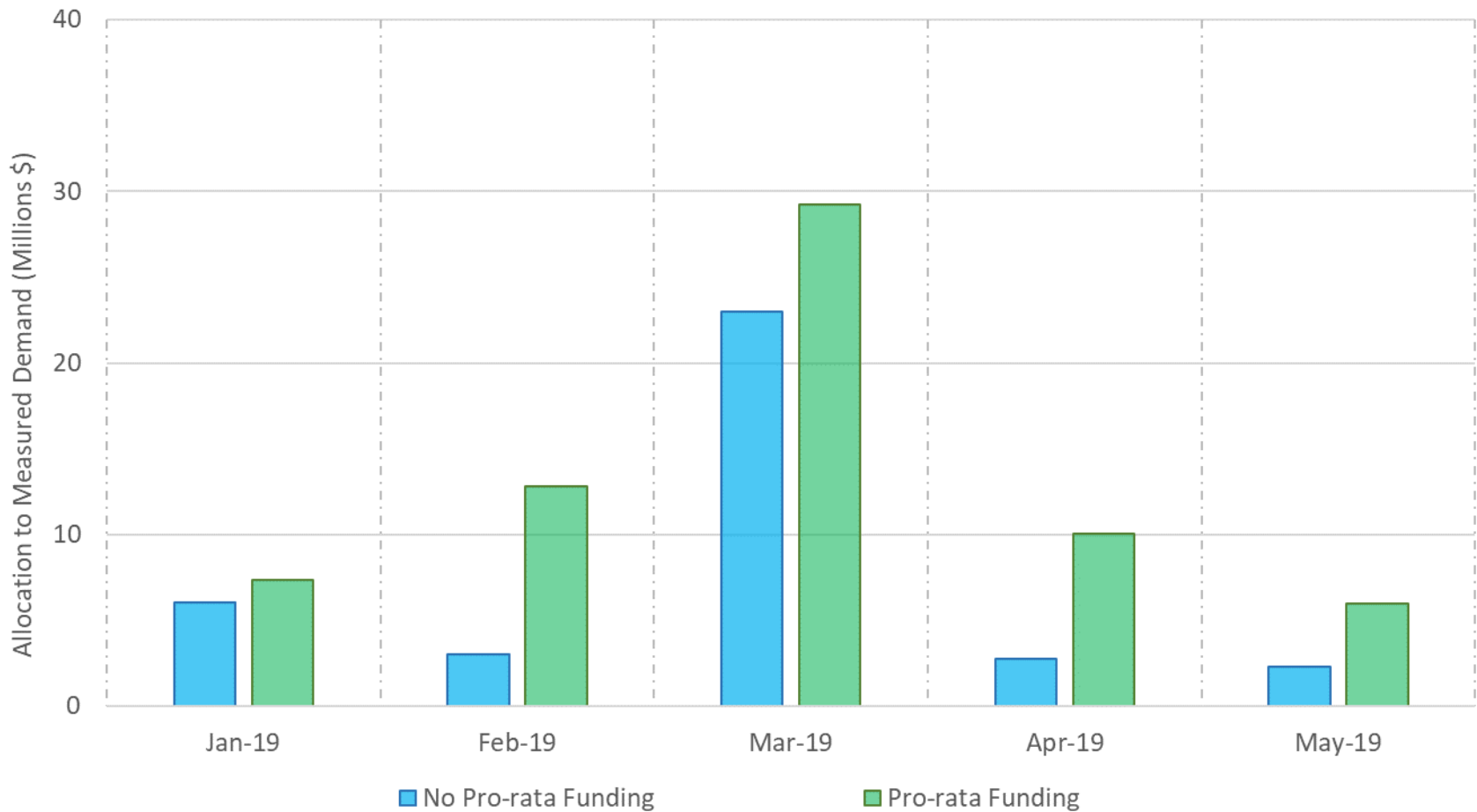
Two initiatives implemented last year to address CRR auction efficiency and revenue inadequacy



Pro-rata funding has been effective in the first months of the year



Pro-rata funding has increased surplus allocated to measured demand



First months of results show improved, but mixed results about CRR performance

