



# Memorandum

**To:** ISO Board of Governors

**From:** Keith Casey, Vice President, Market and Infrastructure Development

**Date:** December 7, 2016

**Re:** **Decision on metering rules enhancements proposal**

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*This memorandum requires Board action.*

## EXECUTIVE SUMMARY

Management's metering rules enhancements proposal will provide additional metering flexibility to market participants and reduce costs to participate in ISO markets while maintaining meter data integrity and quality. The proposal expands eligibility for an existing less onerous metering option ("scheduling coordinator metered entity") to certain market resources that otherwise must be ISO metered entities today, such as participating generators. This expanded optionality will enable additional market participants to forego certain costs associated with ISO metered entity status. To ensure that scheduling coordinators provide settlement quality meter data for these new scheduling coordinator metered entity resources, they would be required to submit for ISO review and approval a settlement quality meter data plan that describes in detail the metering configurations for the resources they represent. Management's proposal also provides that existing metered entities, regardless of type, will have the option to retain current metering requirements and maintain their status quo. The proposal will benefit many resources, including existing and future resources in the ISO balancing authority area and generators in external balancing areas that participate in the energy imbalance market.

Management recommends the following motion:

**Moved, that the ISO Board of Governors approves the proposal for metering rules enhancements, as described in the memorandum dated December 7, 2016; and**

**Moved, that the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed tariff change.**

## DISCUSSION AND ANALYSIS

ISO market settlement requires settlement quality meter data for resources participating in its markets. Settlement quality meter data is obtained from two different market participant sources: ISO metered entities (ISOME) and scheduling coordinator metered entities (SCME). For ISO metered entities, meters are directly polled by the ISO and the ISO performs the validation, estimation and editing procedures to produce settlement quality meter data. For scheduling coordinator metered entities, the scheduling coordinator polls the meters of the resources they represent, performs the validation, estimation and editing procedures, and submits the resulting settlement quality meter data to the ISO.

Through prior stakeholder initiatives on specific efforts such as demand response, the energy imbalance market, and distributed energy resource aggregation, Management revised the ISO's metering requirements to support these efforts and provide additional flexibility to market participants. One outcome of these successful efforts is that they led to expanded use of scheduling coordinator metered entities. Management launched the metering rules enhancements initiative in 2016 to provide additional metering flexibility to further reduce costs to participate in ISO markets while maintaining the accuracy and integrity of meter data used for market settlements. Building on prior initiatives, Management's metering rules enhancements proposal will further expand use of scheduling coordinator metered entities as well as make other enhancements.

First, Management's proposal provides new scheduling coordinator metered entity optionality to certain market resources that otherwise must be ISO metered entities today. This new optionality is provided to the following market resource types: generation providing ancillary services, generation in the ISO balancing authority area providing energy only (i.e., not providing ancillary services), intraties, and distributed energy resources under a participating generator agreement. Expanded scheduling coordinator metered entity optionality will enable additional market participants to forego certain costs associated with ISO metered entity status. These include foregoing use of an ISO approved meter, meter reprogramming, meter inspection by an ISO authorized inspector, and telecommunication costs.

Second, scheduling coordinators will be required to develop and submit a settlement quality meter data plan for all new scheduling coordinator metered entities they represent. The plan provides the means to ensure that the quality and integrity of meter data used in settlements is maintained. Management's proposal applies to all new scheduling coordinator metered entities, regardless of whether the particular market resource type could be a scheduling coordinator metered entity prior to the proposal. The meter data plan requirement also would apply to new resources in the ISO balancing authority area that were previously EIM participating generators not subject to the plan requirement. The plan requirement does not apply to ISO metered entities, whether existing or new.

Third, in addition to expanded scheduling coordinator optionality, Management's proposal makes enhancements to certain meter data interval requirements. Under the proposal, new generators providing energy only, whether in the ISO balancing authority area or EIM participating generators, must submit settlement quality meter data in intervals of 5 or 15 minutes (today those in the ISO balancing authority area may submit in intervals of 5, 15, or 60 minutes and EIM participating generators must submit in intervals of 5 minutes). This enhancement requires that new energy-only generators in the ISO balancing authority area submit meter data on a more granular level and treats new participating generators in EIM similarly by allowing them to also submit in intervals of 5 or 15 minutes. The ISO will then divide and average larger intervals into 5-minute intervals. For EIM participating generators, this represents a potential cost savings by avoiding the need to reprogram existing meters already capable of submitting meter data in 15-minute intervals.

Importantly, existing metered entities, regardless of whether they are ISO metered entities or scheduling coordinator metered entities, will have the option to retain their current metering requirements and maintain their status quo. Management's proposal does not impose any additional requirements (including the meter data plan) for existing participants who wish to remain at their current metering standing, but gives them the flexibility to change if they so choose. These existing metered entities would not be subject to the requirement to submit a meter data plan.

## **POSITIONS OF THE PARTIES**

Stakeholders broadly support Management's proposed metering rules enhancements. Management received final written comments from PacifiCorp, Pacific Gas and Electric, and Southern California Edison expressing full support for the proposal. The proposal was presented to the EIM Governing Body at their November 30 meeting where the EIM Governing Body determined that it would exercise its advisory role, and will support the initiative.

## **CONCLUSION**

Management recommends that the Board approve its proposed metering rules enhancements. Management's proposal will provide additional metering flexibility to market participants and reduce costs to participate in the ISO market.