Decision on real-time settlement review proposal

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Management proposes to modify the allocation of real-time market bid cost recovery costs between balancing authority areas in the EIM

- Change is one of several limited settlement rule changes resulting from ISO’s real-time settlement review stakeholder process
  - EIM Governing Body approved the other changes under their primary approval authority

- Management committed to this initiative at the end of last year’s real-time market neutrality settlement initiative

- ISO developed metrics and reviewed issues stakeholders highlighted to identify potential inappropriate cost-shifting
Bid cost recovery is a make-whole payment to resources to cover bid-in costs

• Market payments at the locational marginal price may not cover all costs
  – For example, they may not cover start-up and minimum load costs

• Real-time market costs are allocated to the balancing authority area in which they are incurred
  – Some costs allocated to other balancing authority areas based on energy transfers, uninstructed imbalance energy, and unaccounted for energy
  – CAISO balancing authority area costs allocated to load and exports
Management proposes to enhance the allocation of bid cost recovery costs to balancing authority areas

- Reduce the real-time market bid cost recovery cost allocation based on the quantity of transfers out compared to demand
  - Allocation no longer consider uninstructed imbalance energy and unaccounted for energy
- Energy transfers fully account for bid cost recovery costs incurred to send energy to other balancing authority areas
- Retain existing rule that allocates these costs to balancing authority areas based on the ratio of each balancing authority area’s transfer in quantity to total balancing authority area transfers
Management requests the Board of Governors approval of its bid cost recovery cost allocation proposal.

- Proposals will better reflect cost-causation.
- Proposal reflects Management’s commitment to address cost-shifting in the real-time market.
- Stakeholders support the proposal.