



# 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 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