

Western Power Trading Forum Questions on the CAISO 15-minute Intertie Pricing/Order 764 Proposal

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November 16, 2012

WPTF offers a number of questions to the CAISO's 15-minute Intertie Pricing Proposal as conveyed in the CAISO's October 23rd white paper and further explained at the October 30th stakeholder meeting.

WPTF strongly encourages the CAISO to develop a paper containing all stakeholders' questions and the CAISO's clarifications (e.g. a FAQ), that can be posted and referred to by all. WPTF would be pleased to offer feedback about the proposal once further clarity has been provided.

Our questions are grouped by topical area:

General Policy Questions

1. The design could instead include an option to hold an SC's schedule constant across the hour while allowing an economic bid for such a block schedule. Could the ISO please discuss its consideration of this option, including what mechanisms it considered for how such an economic block schedule bid could be treated and the pros and cons of including such a feature in the market design?

Settlement Provisions Under the CAISO's 15-Minute Scheduling Regime

2. Can you please provide one or more examples of what parts of how one's intertie bid will be evaluated in the RTUC if they are awarded an hourly transmission reservation? For example if I bid to sell power in to the ISO at \$30 per MW, and I'm awarded a transmission reservation where congestion is \$5 (with a \$40 LMP), will my \$30 bid be considered in its entirety in the RTUC intervals? And if I receive an award in one or more of the RTUC intervals what will I be paid? Will I be paid the RTUC LMPe + the RTUC LMPloss + (the RTUC LMPcongestion cost - HA LMPcongestion cost), or...?
3. The ISO suggested that hourly transmission reservation costs would not be refunded even if another participant covered the congestion of released capacity as a result of the RTUC run. Has the ISO re-thought that? If so, can you please offer any revised ideas? If not, can you provide examples of settlements implications for the ISO for both a participant paying for congestion on an hourly basis and a participant being paid for counterflow capacity (assuming there would be such an outcome)?
4. What performance obligations would apply to the T-75 transmission award and the 15-minute energy schedule awards? For example, how does the ISO expect the intent tariff provisions and the performance rules change under the ISO's proposal? For example, currently non-performance between HASP and RTD is allowable up to a threshold... 300mws or 10% per direction. With the process being advisory and a transmission procurement process, how will

this work and what is the obligation? What dispatch award provisions is the ISO envisioning under 15-minute scheduling? Will the eTagging rule be modified, and if so, how?

5. How does the CAISO propose to protect self-schedules? E.g., what penalty price would be applied during T-75 run and during the RTUC runs?
6. What will be the relationship between the Generator's 15 minute settlement and their 5-minute dispatch instructions (assuming that there will still be 5-minute dispatch instructions)?
7. How will virtuals be cleared in RT; at the weighted average of the 4 RTUC LMPs, or the simple average of the RTUC LMPs, or...? (Would the ISO also please consider the implications of a virtual settlement that differs from the energy + transmission reservation settlement?)
8. What analysis or other consideration approaches has the ISO given to ensure address the extent to which this proposal could result in higher levels of self-scheduling and the impacts that may result from higher levels of self-scheduling? Similarly has the ISO considered what impact the proposal may have on liquidity at the interties?

Scheduling Provisions and Coordination with Neighboring BAAs

9. How specifically does the ISO anticipate static schedules will tag their deliveries when the level varies over the hour? For example, does the ISO envision a top-of-the-hour tag for the first RTUC award followed by tag adjustments for subsequent RTUC intervals? Alternatively, Can market participants enter "transmission only" tags? Is this widely accepted?
10. If "transmission tags" are acceptable, is it feasible and/or reasonable for market participants to have 2.5 minutes to adjust the energy portion of a tag? Does this allow sufficient time for BA's and transmission providers to review and "accept" the tag adjustments? Does this provide for ample checkout time for BAs?
11. Differing BAAs seem to be considering different options for scheduling, with some considering 15-minute scheduling and some not. How does the ISO envision managing its 15-minute market with this disparity throughout WECC?
12. Can the ISO please provide a tagging example where a certain transmission reservation is awarded in the T-75 process and then different and varying energy is awarded in the RTUC process? Please provide an example of the hour-ahead and 15-minute tags that the ISO expects would be generated.
13. Other WECC BAAs seem to be on a longer timeline for considering 15-minute scheduling, whereas the ISO has a fairly aggressive schedule for moving to its 15-minute market. How does the ISO anticipate its more aggressive schedule will "jive" with the balance of the WECC's consideration?

14. How would the unscheduled flow practices change to account for the variations in inertia schedules on 15-minute bases? Or if the ISO intends that USFs would still be determined on an hourly basis within the west, what would be the practical impacts of having USFs not reflect loop flows as the 15-minute schedules varied from the hourly flow assumptions?

PIRP-Related Questions

15. When does the CAISO intend to eliminate PIRP? On a going forward basis or will resources that currently participate in PIRP be able to stay in PIRP through their contract terms?
16. The prior proposal for DEC bidding allowed PIRP resources that submit DEC bids to remain in PIRP unless the bid cleared the market. Depending on answer above, does this proposal still stand?

WPTF appreciates the CAISO's consideration regarding these questions.