

Price Validation & Standard of Liability Under MRTU



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Background to CAISO Price Validation Policy and Processes

- 9/21/2006 : FERC Order
- 6/15/2007 : CAISO White Paper
- 7/2/2007 : Market Participant Conference Call
- 7/10/2007 : Draft Tariff posted
- 7/19/2007 : Seek Board of Governors approval

Overview of Market Validation Process

- 🌐 Market Validation Goal
 - Validity of dispatch
 - Validity of prices
- 🌐 All MRTU market clearing runs are monitored
- 🌐 Ideal : Identify invalid solutions and prices before publishing results
- 🌐 Practical : Minimize the number of published invalid market clearing results

Overview of Price Correction Process

- Existing CAISO authority
- Price Correction Goal
- Provisional or “Reserved” prices
- Price Correction Time Horizon
- Publication of Price Corrections

Scope and Methodology of Price Corrections

- 🌐 All published prices for all market runs are subject to price corrections
- 🌐 Potential causes of invalid market prices
- 🌐 Out of scope elements
- 🌐 Three types of corrective action

Price Correction Publication and Notification to Market Participants

- 🌐 Price corrections published to OASIS
- 🌐 Notification of completion of price correction process
- 🌐 Weekly status report

Standard of Liability

- Currently effective ISO Tariff includes “negligence” standard of liability
- Management is proposing to change the standard of liability under MRTU Tariff to “gross negligence.”
- “Gross negligence” standard is consistent with standard of liability accepted by FERC for other ISOs and RTOs