Decision on Proposal to Address Potential Load Underscheduling Until Implementation of Convergence Bidding

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Board of Governors Meeting
General Session
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Proposal Represents a Balance Among Stakeholder Interests

- LSEs with more than 15% of Demand Served in Real-Time Market Assessed Scheduling Charge
  - $150/MWh for Real-Time Demand between 15 and 20%
  - $250/MWh for Real-Time Demand > 20%

- Several Exemptions Proposed to Ensure Charge Implemented Fairly
  - Load Forecast Error
  - Real-Time price < Day-Ahead price
  - Small LSEs Exempted

- Identified Need to Develop Bright Line Trigger for Assessing the Charge
Continued Stakeholder Process on Outstanding Issues

- Stakeholder Process to Address Unresolved Policy Issues
  1. Bright Line Trigger
  2. Level of Small Load Exemption

- August 2 – White Paper Proposal on Outstanding Issues
- August 10 – Joint MSC/Stakeholder Meeting
- September 6 – Board Decision
CAISO Recommendation for Bright Line Trigger

Two options presented in August 2 white paper
- 5 Percent Monthly Exemption; or
- 5 Percent Annual Exemption

CAISO Recommendation: 5% Monthly Exemption
- Annual Exemption could allow for gaming
- Monthly Exemption
  - allows for SCs to correct behavior,
  - smaller potential for overscheduling to avoid charge
CAISO Recommendation for Small Load Exemption

LSEs with hourly loads less than 500 MW in a LAP exempt from interim scheduling charge

- Why include an exemption for small LSEs?
  - Small LSEs have limited ability to impact DAM price
  - Certain Small LSEs have unpredictable loads
- Why 500 MWs?
  - More than 1000 MW load necessary to significantly move DAM price
  - 500 MW exemption conservative level that captures all LSEs with potential to influence DAM price
  - Proposed 15% Threshold results in Large LSEs having greater ability to impact Day-Ahead Market price than 100% of combined Small LSE load
Stakeholder Positions

👍 Bright Line Trigger
  SCE: Annual Option provides too much leeway, prefer Monthly Option
  PG&E: Prefers Annual Option
  SDG&E: No Comments Provided
  Small LSEs: Slight preference for Annual Option

👍 Small Load Exemption
  ▪ SCE finds it discriminatory, argue that collusion possible
  ▪ PG&E finds it discriminatory
  ▪ SDG&E: No Comments Provided
  ▪ Small LSEs support exemption