



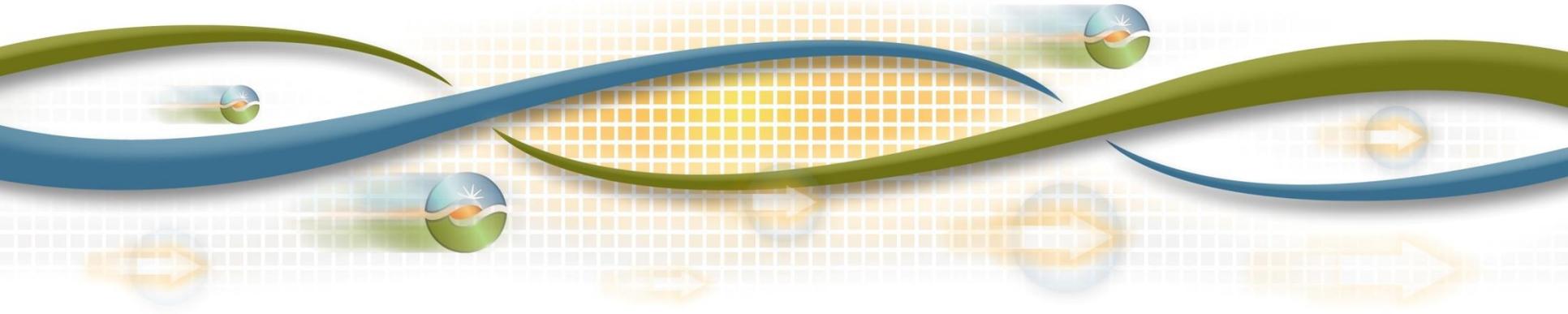
# Modifications to the CRR clawback rule

Don Tretheway

Sr. Advisor, Market Design and Regulatory Policy

Stakeholder Conference Call

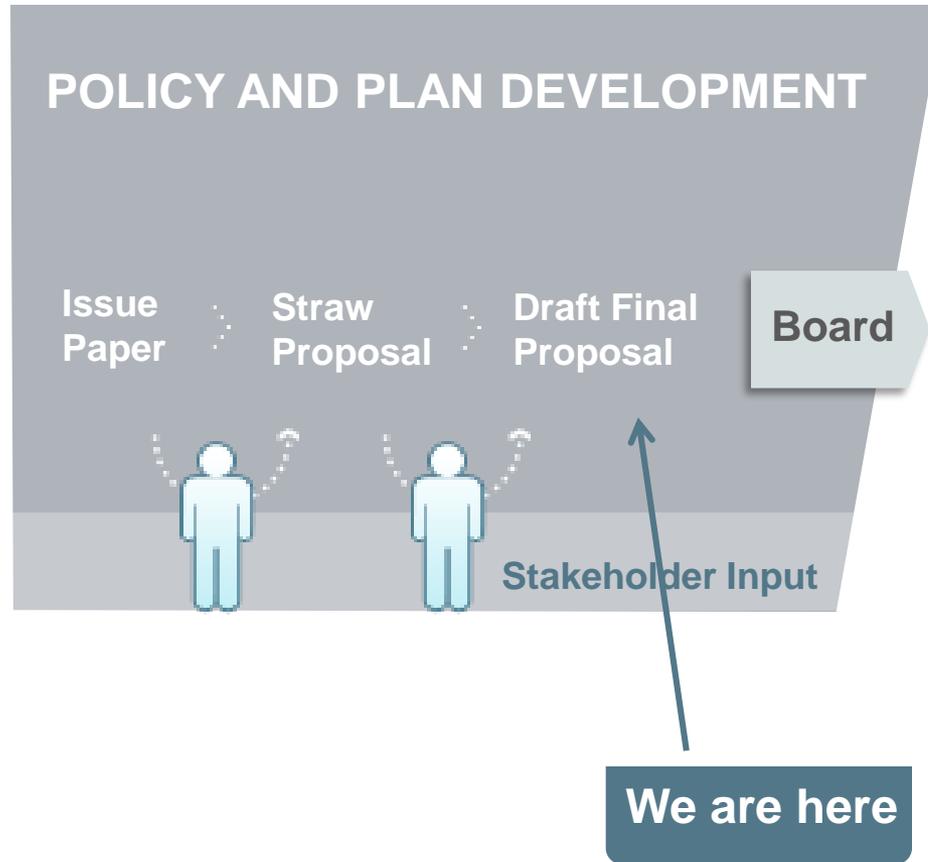
May 23, 2016



# Agenda

Time	Topic	Presenter
10:00 – 10:10	Introduction	Kristina Osborne
10:10 – 11:50	Review Issue Paper/Straw Proposal	Don Tretheway
11:50 – 12:00	Next Steps	Kristina Osborne

# ISO Policy Initiative Stakeholder Process



# Changes to the straw proposal

- Removed passage of HASP reversal rule from bidding criteria for import/export to not be considered a virtual award
- Clarified that original LMP is used for the bidding criteria not a price corrected LMP

## CRR clawback rule was implemented with convergence bidding

- If “virtual awards” result in significant CRR impact, then the CRR payments are clawed back
  1. Exceedance of 10% of the thermal limit of a given constraint, and
  2. Contribution to the shadow price is in the direction to increase the parent SC’s CRR portfolio value
- Imports/Exports are considered “virtual awards”
  - To address concern of implicit virtual biddings
- Cleared convergence bids at trading hubs and load aggregation points are NOT considered a “virtual award”

(1) If an intertie schedule is bid into real-time and meets the follow conditions, it is not considered a “virtual award”

- Import bid  $\leq$  day-ahead price
- Export bid  $\geq$  day-ahead price
- Bid range is greater than or equal to the day-ahead schedule
  - If less than day-ahead, the difference is a “virtual award”
- Will monitor for failure to tag real time schedules

## (2) Include convergence bids at trading hubs and LAPs when calculating the impact on CRR holdings

- There is a flow impact from aggregation points, just as there is at individual nodes
  - Must exceed the 10% threshold for clawback
- CRR clawback rule test should treat all convergence bids in the system the same when calculating impact
- DMM has observed convergence bids on aggregation points increasing value of CRR holdings
- Bid in load will not be considered a virtual award. Other measures to incentivize accurate scheduling by LSEs

# Next Steps

Item	Date
Post Draft Final Proposal	May 16, 2016
Stakeholder Conference Call	May 23, 2016
Stakeholder Comments Due	June 3, 2016
Board of Governors Decision	June 28-29, 2016

Please submit comments to [InitiativeComments@caiso.com](mailto:InitiativeComments@caiso.com)