

# Briefing on Market and Infrastructure Policy roadmap

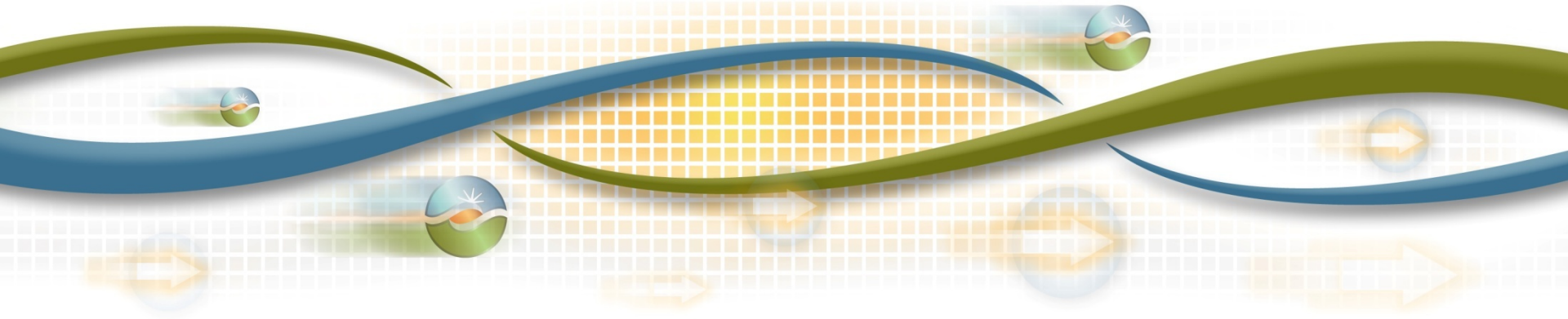
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# Market and Infrastructure Policy roadmap process

- Annual policy development roadmap based on:
  - Strategic plan and market design vision
  - Stakeholder input
  - FERC mandates
  - Resource constraints
- Market and Infrastructure Policy gathers market participant input through annual iterative stakeholder process:
  - Stakeholders suggest initiatives
  - Stakeholders rank complete list of initiatives

# Stakeholder input used to rank discretionary market design initiatives.

- Grid reliability and market efficiency benefits weighed against cost estimates
- Stakeholders' highest ranked discretionary market design initiatives:
  1. Real-time congestion cost uplift allocation (i.e., to convergence bids)
  2. Mitigating transient price spikes, real-time imbalance energy offset/real-time congestion offset
  3. Standard capacity product enhancements
  4. Modify resource adequacy replacement rules
  5. Extended pricing mechanism
  6. Eliminate unpriced constraints

# Work has already begun on many of the highly ranked initiatives:

- Real-time congestion cost uplift allocation
  - Full network model addresses root cause of uplift
- Mitigating transient price spikes, real-time imbalance energy offset / real-time congestion offset
  - Transmission constraint relaxation parameter change
  - FERC Order 764 market changes
  - Flexible ramping product
- Standard capacity product and modify resource adequacy replacement rule initiatives are being addressed in the reliability services initiative
- Eliminate unpriced constraints
  - Contingency modeling enhancements

# Initiatives will facilitate preferred resource participation

- Develop storage interconnection rules
- Enhance rules for preferred resources to participate as resource adequacy resources
- Combine the benefits of the non generator resource model and proxy demand resource into a single demand response product

# New policy initiatives started during first quarter of 2014:

- **Joint reliability framework**
  - Reliability services initiative: Market based procurement mechanism including standard product definitions for system, local and flexible capacity
  - 4-10 year planning assessment
- **Generator interconnection deliverability assessment process reassessment**

## New policy initiatives planned to start during second quarter of 2014:

- Energy imbalance market refinements - local market power mitigation, flow entitlements
- Commitment cost enhancements (e.g., gas cost issues)
- Energy storage interconnection
- Flexible ramping product
- Pricing enhancements

## New policy initiatives planned to start during third quarter of 2014:

- Bidding rules
- Regulation pay for performance modifications
- Frequency response procurement
- Combined demand response product
- Interconnection process enhancements 2014 - Collect list of issues for 2015 resolution
- Active power control interconnection requirements for variable energy resources



## New policy initiatives planned to start during fourth quarter of 2014:

- Marginal loss surplus allocation

If time permits:

- Affected systems
- Blackstart and system restoration capacity procurement
- Transmission interconnection process
- Voltage support

# Planned and ongoing market design and infrastructure policy initiatives will provide significant improvements.

- Improve efficiency in resource adequacy procurement through a market based procurement mechanism in the reliability services initiative
- Enhance ISO market to effectively value resource attributes needed to maintain reliable grid operations
- Enhance generator interconnection process