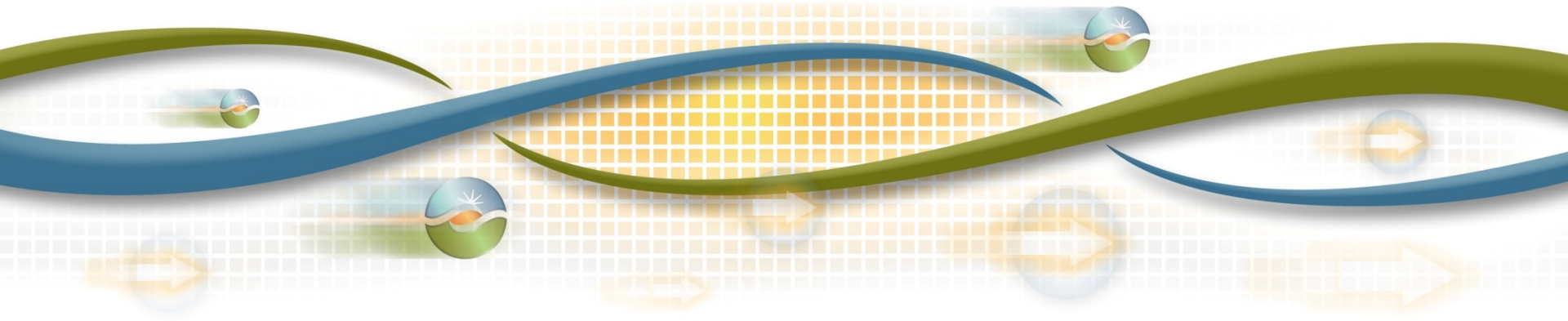




## Briefing on FERC Order 809

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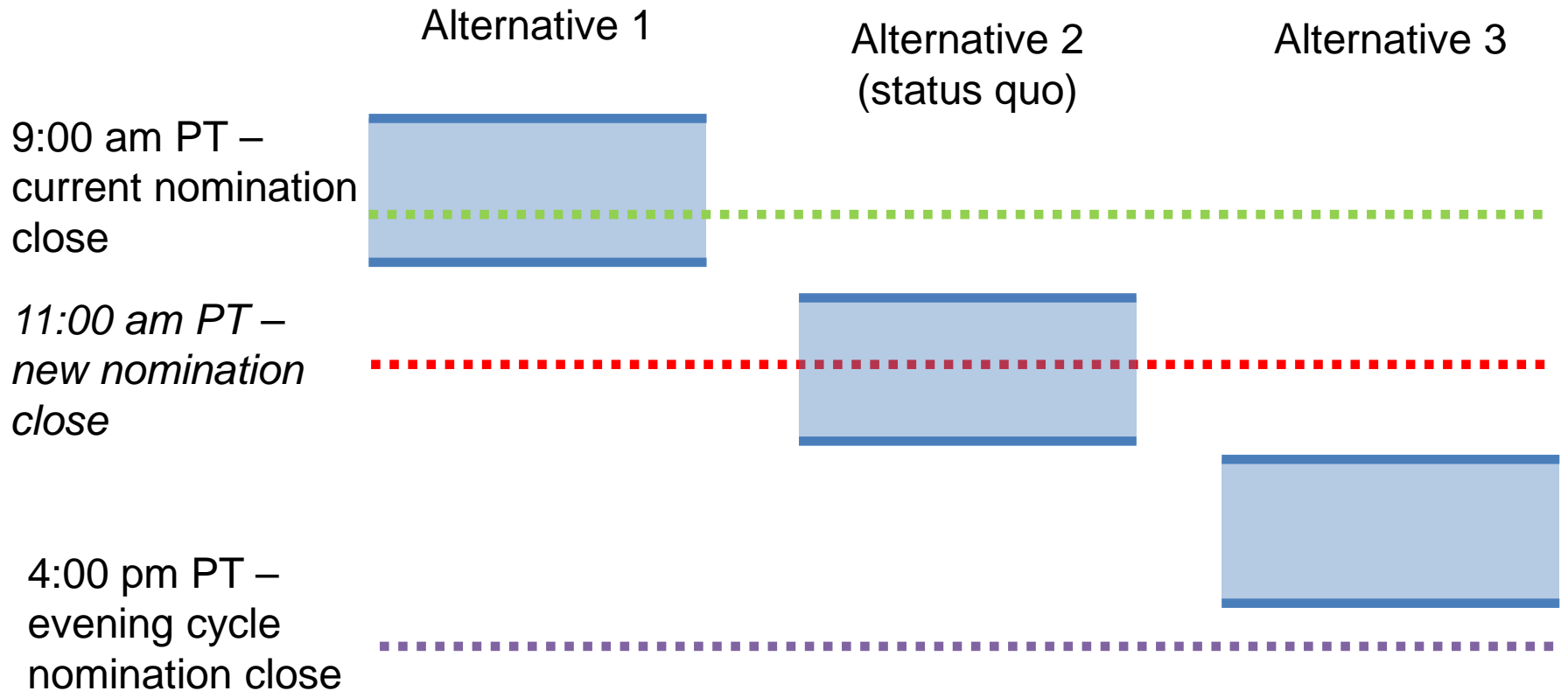
Board of Governors Meeting  
General Session  
July 16, 2015



## FERC Order 809 seeks to align natural gas and electricity market timelines.

- Provides generators more time in the day ahead timeframe to schedule capacity on natural gas pipelines.
  - The order moves the first natural gas pipeline scheduling cycle from 9:00 am PT to 11:00 am PT.
- ISOs must consider adjusting the close of their day-ahead market to accommodate the change in natural gas pipeline scheduling.
- The ISO must make a filing about its decision to maintain or adjust the closing time of its day-ahead market by July 23, 2015.

# Management considered three day-ahead market closing timeline alternatives.



Based on stakeholder feedback Management will file for alternative 2, maintaining the current day-ahead market closing time.

- Greater reliability – California and the western interconnection do not have wide-spread capacity constraints on the pipelines.
- Greater efficiency – current timeline supports;
  - Gas price certainty when bidding into ISO day-ahead market
  - Greater load, hydro-electric, and variable energy resource forecasting accuracy.
- Avoids negative operating impacts – timeline change would negatively affect staffing, processes and operations.

Although some stakeholders supported earlier close of the day-ahead market, others raised significant concerns with alternatives 1 and 3.

- **Alternative 1 – earlier day-ahead market close**
  - Some stakeholders commented that alternative 1 would help to address natural gas price spikes.
    - Natural gas price spikes have not been related to pipeline capacity
  - Some stakeholders commented that alternative 1 would increase ability to procure natural gas after close of ISO's day-ahead market
    - No evidence market participants are unable to procure natural gas after close of ISO's day-ahead market.
- **Alternative 3 – later day-ahead market close**
  - Stakeholders overwhelmingly recommended not selecting alternative 3

Management will make a filing to support maintaining the current day-ahead market close.

- Insufficient benefits to justify the adverse impacts to existing operating practices that would result from moving the close of the day-ahead market.
- Management intends to make a filing to demonstrate that changes to the ISO's day-ahead market close and publication of market results are not necessary.