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# Decision on Mitigation of Exceptional Dispatch in the Real Time Market

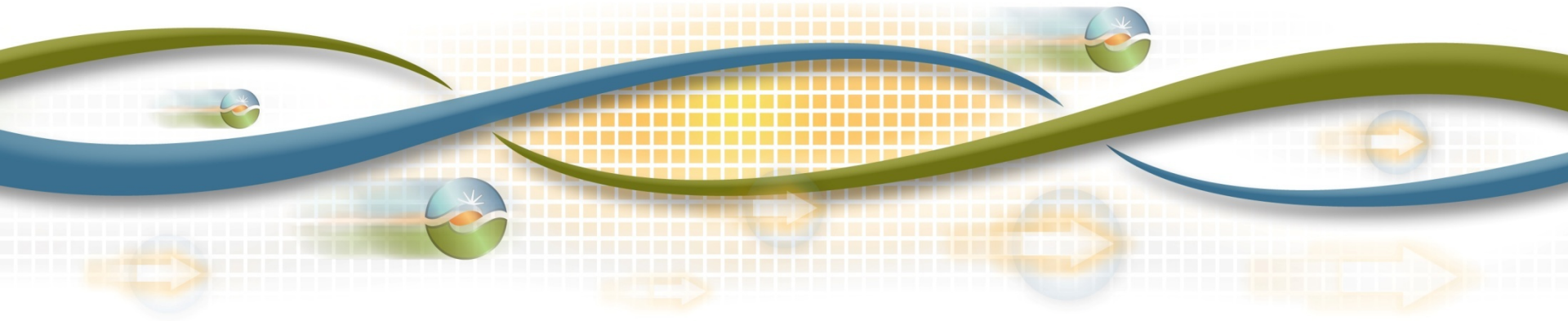
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## Method for determining when mitigation is applied to exceptional dispatch in the real time market:

- Dynamic in-line process for determining competitive path designations into real time market in Spring 2013.
  - Replaces existing “static” designations – more accurate.
  - Will no longer have basis for triggering mitigation of certain exceptional dispatch in real time.
- Proposal leverages new in-market dynamic designations to form basis for exceptional dispatch mitigation.
- Resulting designations will also be used as “back-up” designations if mitigation process fails.

This issue has been vetted with stakeholders and the Market Surveillance Committee.

- Options considered include:
  - Evaluation of each exceptional dispatch or path.
  - Statistical test using historical data.
  - Simple thresholds using historical data.
- Proposal is to use simple thresholds based on past 60 days of dynamic competitive path assessments.
  - No mitigation if congested in 10 or more hours, *and* path was competitive in over 75 percent of hours.
  - Exception for Path 15 and Path 26: competitive if congested in less than 10 hours.

The proposal fills a specific gap and fits within existing framework for mitigation of exceptional dispatch.

- Proposal provides mitigation trigger for exceptional dispatch made for modeled transmission reasons
  - Simply replaces “static” designation in this process
- Does not affect existing mitigation for other categories of exceptional dispatch
  - Non-modeled transmission reasons remain mitigated.
  - System energy and ramping energy reasons remain unmitigated.

## Primary concerns of stakeholders and Market Surveillance Committee have been considered.

- Thresholds too conservative and not well supported.
  - Threshold values consistent with goal of “reasonably confident constraint is predominantly competitive”.
  - Leverage dynamic path assessment results.
  - Simple thresholds consistent with statistical test approach.
- Historical data may not reflect exceptional dispatch conditions.
  - Recent conditions are the closest match possible.
  - Individual analysis not practical, may not be possible.

# Stakeholders concerned about frequency of and information pertaining to exceptional dispatches.

- Exceptional dispatches for modeled constraints occur due to discrepancy between actual flow and flow calculated by the ISO market.
- ISO has acknowledged the need to reduce exceptional dispatches and is actively pursuing software, modeling, and process changes to reduce exceptional dispatches.
- ISO frequently reports on exceptional dispatch activity
  - Monthly reports to FERC
  - Market Performance and Planning Stakeholder Meetings
  - FERC Ordered exceptional dispatch report due next October.

Management recommends the Board approve these measures to mitigate the price of real-time exceptional dispatches.

- The proposed methodology addresses the asymmetric risk of under mitigation.
- The proposal does not broaden the mitigation scope for un-modeled transmission constraints.
- The proposal incorporates recent system and market conditions through leveraging the new dynamic in-market competitive assessment.