

Decision Regarding Refinements to Load Scheduling Requirements

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Background

- **In October 2005, CAISO filed Amendment 72 to establish 95% day-ahead scheduling requirement for all SCs**
- **Grid Operations staff continues to support need for 95% requirement during peak hours for reliability**
- **However, concerns with 95% requirement include:**
 - During off-peak hours, 95% requirement may sometimes create operational problems associated with over-scheduling and over-generation.
 - Many SCs complain that compliance is difficult and/or costly (particularly small LSEs).
 - Overall compliance and aggregate day-ahead scheduling is high, but relatively high number of relatively small hourly violations continue to occur
 - Tariff does not provide DMM discretion to excuse minor or infrequent violations.
 - Participants exposed to risk of investigation/sanction by FERC even for relatively infrequent or small violations.
 - Some SCs have periodic difficulty submitting day-ahead forecasts in the CAISO's Scheduling Infrastructure (SI) system.

Key Decision Criteria

- **Reliability and operational impacts, based on review by CAISO Grid Operations**
- **Stakeholder input on difficulty/costs of complying with day-ahead scheduling requirements**
- **Balance difficulty/costs of compliance for relatively small LSEs with principle that all LSEs should be subject to the same rules and requirements**
- **Feasibility and complexity of the administration and enforcement of scheduling requirements**

Stakeholder Process

- **Announced stakeholder process and general modification under consideration (Dec. 1-6, 2006)**
- **DMM white paper and straw proposal for various modifications (Dec. 11, 2006)**
- **Stakeholder comments received (Dec. 18, 2006)**
- **Stakeholder discussion (Dec. 20, 2006)**
- **Addendum to whitepaper (Dec 22, 2006)**
- **Stakeholder comments received (Jan. 5 , 2007)**
- **Development of CAISO recommendation**

Proposed Refinements

1. **Reduce scheduling requirement to 75% during off-peak hours (1-6, 23-24)**
 - 95% requirement retained for weekend hours 7-22
2. **Exemption for all *de minimis* deviations below 95%/75% requirement during any hour**
 - Allowable *de minimis* deviation:
 - \leq Lower of 3 MW or 5% of SC load forecast
3. **Exemption for up to 6 *minor* deviations below 95%/75% requirement per month**
 - Allowable *minor* deviation:
 - \leq Maximum of 25 MW or 2% of SC load forecast

Proposed Refinements (continued)

- 4. Exemption for one violation of load forecast submission requirement per calendar month**
 - Subject to \$500 penalty imposed by CAISO
- 5. Clarify that scheduling requirement applies to Revised Preferred Schedules (submitted by 12 noon)**
- 6. Exemption for SCs serving < 1 MW of peak load**
 - 1 MW threshold same as exemption for Resource Adequacy in CAISO tariff
- 7. Eliminate variety of unnecessary forecast submission requirements in CAISO Tariff**

Other Considerations

- **Proposed changes would not require changes to CAISO software systems or operations**
 - Minor changes in data analysis programs developed by DMM to track and report data to LSEs and FERC

- **Numerous stakeholder comments concern requested change to CAISO System Infrastructure (SI) interface for entering forecast data**
 - Changes to SI difficult due to MRTU
 - DMM believes current system and processes reasonable and sufficient for compliance
 - Multiple steps in place to address potential forecast data entry problems by SCs

- **Amendment 72 scheduling requirements only effective until MRTU**
 - Sept. 21, 2006 FERC Order directs CAISO to consider need for scheduling requirement under MRTU until convergence bidding is implemented
 - Separate stakeholder process on this issue to be headed by MPD in 2007