

Market Issues Forum

CAISO Conference Room, 151 Blue Ravine, Folsom

Agenda - June 7, 2000

Desired Outcome: Gain common understanding among stakeholders of several issues relevant to the California electric market.

<u>Time</u>	<u>Topic</u>	<u>Presenter</u>
10:00 - 10:15	Opening Comments	Zora Lazic
10:15 - 11:15	GMC Unbundling Study	Mike Epstein
11:15 - 11:30	WSCC Dues Allocation Methodology	Mike Epstein
11:30 - 12:00	Target Price Methodology	Nancy Traweek
12:00 - 1:00	LUNCH	
1:00 - 1:30	Automated Dispatch System - Report on Implementation	Brian Rahman
1:30 - 2:00	RMR Predispatch - Report on Implementation	TBD
2:00 - 2:45	Out of Market Procedures and Settlement (tentative)	Roger Smith
2:45 - 4:00	BREAK/Other Topics	



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GMC Unbundling Options

June 7, 2000

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Where We Are

Initially Identified 5 Cost Buckets

- Control Area Services
- Scheduling
- Congestion
- Market Operations
- Billing and Settlements



Identified Potential Billing Determinants

<u>Cost Bucket</u>	<u>Potential Billing Determinant</u>
• Control Area	Gross Load with QFs Gross Load without QFs
• Scheduling	Gross Load with QFs Net Load
• Congestion	Inter-Zonal Schedules Charges for Congestion
• Market Operations	Purchases and Sales of A/S & Real Time Energy Purchases only of A/S & Real Time Energy
• Billing & Settlements	Purchases and Sales of A/S & Real Time Energy Purchases only of A/S & Real Time Energy



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Summary of Buckets & Allocation Percentages

	<u>California ISO</u>				
	Rudden 1998	ISO 1999	ISO 2000	PJM 1999	NE 1999
Control Area	68%	35%	38%	52%	34%
Scheduling	-	11%	10%	11%	-
Congestion	-	7%	7%	4%	22%
Market Ops	31%	23%	22%	33%	44%
Billing & Settlements	-	24%	23%	-	-

Note: The CAISO contracted with Rudden in 1998 to evaluate potential GMC allocations.
 The 2000 CAISO bucket %'s are based on applying 1999 percentages to the 2000 budget.
 PJM has 8 buckets but they have been consolidated to 4 for comparison with the CAISO.



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Where We Are Going

Unbundling Drivers

- FERC filing required by 10/31/00
- New Rate to be effective 1/1/01
- Current rate subject to refund from 6/7/99
- PJM & ISO New England in the process of unbundling their respective GMCs
- FERC not likely to accept current settlement methodology
- Leads to unbundled GMC proposal



Management Recommendation

- Control Area Services (including Scheduling) using Gross Loads including QFs
- Congestion Management using Inter-Zonal Schedules
- Market Operations (including Billing & Settlements) using traded volumes of Purchases and Sales of Ancillary Services and Real Time Energy



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Rationale

- Control Area (Reliability) Services are procured for and benefit all Load in ISO Control Area
- Scheduling was combined with Control Area Services because the scheduling of all Control Area Load is required
- Inter-Zonal schedules require Congestion Management whether Congestion occurs or not
- Both purchases and sales benefit from administration/facilitation of markets. Costs should be borne by both parties in the market
- Billing and settlements are part of running markets and therefore were combined with Market Operations



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1999 2000

- **Bundled GMC**

Loads billed per GMC settlement (GWh)	204	216
rate (\$/MWh)	\$0.78	\$0.83

- **Unbundled GMC**

Control Area Services

Estimated CAISO Gross Loads (GWh)	250	263
rate per MWh of Load (\$/MWh)	\$0.30	\$0.33

Congestion Management

Estimated Inter-Zonal Schedules (GWh)	71	75
rate per MWh of Inter-Zonal Schedule (\$/MWh)	\$0.16	\$0.17

Market Operations

Traded volumes of buys & sells (GWh)	211	221
rate per MWh of activity (A/S & RT) (\$/MWh)	\$0.36	\$0.36

Note: 1999 actual data except Congestion based on 10 month data. 2000 data estimated on 5% increase in 1999 data.



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GMC Unbundling Committee

Attendees comments

QFs, Load, IOUs, PX, CDWR & other SCs

- 3 bucket GMC is acceptable
- No consensus on treatment of QF load
 - Use TAC methodology until issue decided in other forum
 - Use full load initially until issue decided in other forum

Munis

- no position expressed



Next Steps

- June 7 MIF - policy on buckets & determinants
- June 21-22 Board - policy on buckets & determinants
- July - Aug Stakeholders - implementation details
- Aug 9 MIF - GMC Tariff filing
- Sept 6-7 Board - Tariff Approval

– other dates as needed by Unbundling Committee