

News Release

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ISO Board moves to increase market efficiency

FOLSOM, Calif. – The California Independent System Operator Corporation (ISO) Board of Governors today approved a proposal to seek rule changes from the Federal Energy Regulatory Commission that would improve wholesale market efficiency, voted to move forward on a transmission project, and took action on the ISO's 2015 budget.

The board voted unanimously in approving rule changes to create pricing enhancements to its wholesale market. These include the following:

- applying administrative pricing rules when market clearing prices are not available (administrative pricing is used during market disruptions or suspensions when prices cannot be generated normally);
- validating self-schedules supported with transmission contract or ownership rights (if validation detects erroneous self-schedule, the entire schedule is rejected rather than switching the schedule to ordinary);
- forming contingency-related constraints (transmission constraints are used to keep grid events from spilling over to other lines with the change to set the market price by the most limiting event); and
- forming market constraints to ensure unique market clearing prices (the change will use formula to eliminate the conditions in which multiple prices can be produced).

“We are moving to strengthen our wholesale market by clarifying how energy is priced, especially during grid events.” said Steve Berberich, ISO President and CEO. “These rule changes enhance system performance and provide participants with greater transparency in market outcomes.”

The Board also approved the proposed 500 kilovolt transmission project to connect the Harry Allen substation (owned by NV Energy) to the Eldorado substation (owned by Southern California Edison and other minority owners). The project was first proposed in the 2012-2013 Transmission Plan but was held for additional studies. Updated analysis confirmed that even with NV Energy's intention to participate in the western regional Energy Imbalance Market in fall 2015, the 60-mile transmission project once built (owner is chosen through a competitive solicitation), would generate net benefits to ISO market participants by reducing costs of up to \$11 million per year. The estimated capital cost of the line is \$182 million and it would increase transmission capacity to support increased reliability and renewable integration.

The Board also approved the ISO's 2015 budget of \$198.5 million, which has remained just below \$200 million for the past eight years. The ISO is absorbing upward cost pressures that translates into a modest \$500,000 increase from 2014, or an average annual growth rate of 0.6 percent since 2007. The fee the ISO charges to use its services will decrease slightly on forecasts that transmission volumes will increase 0.5 percent from 2014. The fee, \$0.79 per megawatt-hour, is slightly less than the \$0.80 per megawatt-hour set for 2014.

To see the Board documents, [click here](#).

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The California ISO provides open and non-discriminatory access to one of the largest power grids in the world. The vast network of high-voltage transmission power lines is supported by a competitive energy market and comprehensive grid planning. Partnering with about a hundred clients, the nonprofit public benefit corporation is dedicated to the continual development and reliable operation of a modern grid that operates for the benefit of consumers. Recognizing the importance of the global climate challenge, the ISO is at the forefront of integrating renewable power and advanced technologies that will help meet a sustainable energy future efficiently and cleanly.