

Market Update Call Meeting Minutes

October 07, 2021¹

Agenda

- 1) Updates and Meeting Minutes Review – Rahul Kalaskar
- 2) Weekly Performance Report – Rahul Kalaskar
- 3) Price Correction Reports – Lourdes Hernandez
- 4) General Questions/ Comments– Rahul Kalaskar

Bi-Weekly Market Performance Report

The ISO posted the bi-weekly market performance report for September 15 through September 28. During this period, markets were generally quiet. The maximum day-ahead cleared demand was 40,230 MW for the two-week period. The Maximum day-ahead DLAP price was \$187.50/MWh, which occurred during the evening peak. In the real-time markets, there were some price excursions in the fifteen-minute and five-minute markets driven by demand changes, generator outages and transmission congestion.

Review of the Price Correction Report

During the week of September 13– September 17, the ISO processed 39 intervals for price correction due to a software defect. During the week of September 20– September 24, the ISO processed 21 intervals for price corrections due software defect.

Q&A

Q: On September 27, 2021, the ISO's trading hub LMP was negative between hour ending 17 and hour ending 21. What is driving this negative LMP?

A: The trading hub LMPs on September 27, 2021 for hour ending 17 through hour ending 21 were impacted by congestion on the 24301_BIG CRK1_230_24235_RECTOR_230_BR_1_1 constraints. This constraint was binding mainly due to Big Creek 3-Rector No. 2 230 kV line outage (OMS 10501718). In addition, there was high generation in that area driven by re-rates. The high shadow price was mainly driven by system conditions and bids in the market.

Q: What is the penalty price to relax a transmission constraint in the market?

A: The ISO solves the market with two sets of penalty price. The first market run is called scheduling run, which is used to ensure priority order for non-priced quantities. The scheduling run penalty prices for various commodities are beyond the bid cap and bid floor. To ensure, scheduling run penalty prices do not contaminate market prices, the ISO uses a second run called pricing run. In the pricing run, the penalty price for non-priced quantities are in-line with bid cap and bid floor. For transmission constraint relaxation, the penalty price in scheduling run is \$5000/MW and pricing run is \$1000/MW. The penalty price in pricing run of \$1000/MW is not a cap on the pricing run penalty price for transmission relaxation. The shadow price of transmission constraint is influenced by bids from physical resources, virtual resource, scheduling run penalty price for relaxation and pricing run penalty price for relaxation.

¹ The California ISO (CAISO) hosts this bi-weekly market update conference call, generally at 10:15AM PST bi-monthly on Thursdays. This call is an opportunity for market participants to ask general questions regarding the market. Please send any questions to [CIDI system](#), which includes questions that have proprietary information and that might be commercially sensitive.

Q: The 24301_BIG CRK1_230_24235_RECTOR_230_BR_1_1 constraint was binding for the SC1 BGCRK3-RECTOR_1 230 contingency which is not normally enforced. Why was this contingency enforced for September 27, 2021?

A: The SC1 BGCRK3-RECTOR_1 230 was enforced on September 29, 2021 due to the Big Creek 3-Rector No. 2 230 kV line outage (OMS 10501718).

Q: For the past few days we have observed congestion on Malin Inter-tie in the day-ahead market in the export direction despite scheduled net flows being in the import direction? What is driving congestion on Malin Inter-tie?

A: The Malin inter-tie was derated to zero MW in the export direction. For inter-ties ISO enforces two sets of constraint in each direction: energy and energy plus ancillary services. The Malin congestion in the export direction in most recently days has been driven mainly due to ancillary service bids on this tie. Currently, OASIS does not show the distinction between energy and energy plus ancillary service constraint. The ISO has been correcting these prices and details of price corrections are available on OASIS and the weekly price correction report. The ISO is working on several enhancements as part of the Intertie Shadow Pricing Resolution project, which will resolve such issues in future. The Business requirement specification available at this link has additional details: <http://www.caiso.com/Documents/BusinessRequirementsSpecification-IntertieShadowPricingResolution.pdf>.