

Day Ahead Scheduling Requirement Under MRTU

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Joint MSC – Stakeholder Meeting June 6, 2007



Overview

- Brief Review of Directives in FERC Orders
 - (September MRTU and April Rehearing)
- Summary of Stakeholder Process to Date
- Two Proposed Options and Why
- Stakeholder Comments on Options
- Open Issues
- Next Steps



FERC MRTU Order, and April Rehearing Order

P 452 of the MRTU Order

 "We direct the CAISO to develop and file interim measures, no later than 180 days prior to the effective date of MRTU Release 1 to address the potential economic incentive for LSEs to underschedule in the day-ahead market until the successful implementation of convergence bidding has been achieved."

April 20 Order (Rehearing)

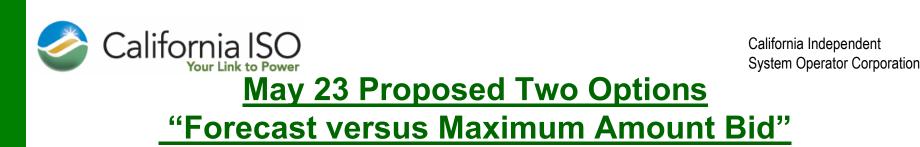
- 'Not intended to prevent LSEs from taking steps to reduce the costs of serving load"
- "Should address the problem of persistent underscheduling in the DAM on occasions when energy prices suggest that it would be economic to buy in the DAM"



April 22 Issue Paper - Presented Four Options

- Vertical Demand Bid
- Forecast Vs Maximum Amount Bid
- Financial Incentives Already Built Into MRTU

 Potential Trigger
- Interim Scheduling Charge



- Bid or Self Schedule 95% on peak and 75% off peak
- Forecast Data By Hour, LAP, 10 AM, FTP server
- Exemptions 1 MW (over past 12 Mos);
- Bid Floor None
- <u>Compliance Monitoring</u> Compare DA Forecast (by LAP) to max Bid in the DAM (by LAP);
- Enforcement General FERC market rule requiring 6/5/2007mpliance with the FERC-approved tariff.



- Rate: \$250 / MWh
- Threshold: "15% of the Cleared DA Bids";
- BQ: Net Negative Load deviations, hourly, out of threshold;
- **<u>Timing</u>**: Monthly, and Allocated to Revenue Requirement;
- Exemptions: One MW of Demand;
- **Applicability:** SCs with cleared Demand bids; and,
- **Duration:** Terminated when CB is initiated



Stakeholder Comments On Two Options

Max Vs Forecast

- Useless without floor
- Need User Friendly Systems

Penalty

- Unintended Consequences
- Potential for Supply Side Power
- Bandwidth should be smaller / larger
- \$/MWh should be smaller / larger
- Should have a sliding scale charge (events, MWs, or %)
- Allocation isn't right
- Only Demand Deviations
- Suspend on Days When Forecast Temperatures are Off
- ESPs can be harmed; Should be 5% or 25 MWs

6/5/2007



Open Issues

Forecast Vs Must Bid

Bid Floor

Interim Scheduling Charge

- Bandwidth
- Exemptions (25 MWs, Days of Missed Forecast)
- \$/MWh Rate
- Sliding Scale Concept
- Demand Deviations Only



Remaining Schedule and Next Steps

- June 6 In Person Stakeholder meeting with MSC
- June 15 CAISO Straw Proposal
- June 22 Comments Due on Straw Proposal
- June 29 Post Draft Tariff Language
- July 6 Comments Due on Proposed Tariff Language
- July 12 Stakeholder Conference Call Re Tariff Language
- July 18 CAISO Board of Governors Meeting
- August 3 FERC Compliance Filing



Documents including Stakeholder Comments are posted at the MRTU Policy Resolution link:

http://www.caiso.com/docs/2004/11/19/2004111912470915456.html

Questions:

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