



California ISO

# California ISO's Order No. 831 Compliance

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# Order No. 831 Requirements

**Offer Cap Structure Requirement** - A resource's incremental energy offer must be capped at the higher of \$1,000/MWh or that resource's cost-based incremental energy offer. For the purpose of calculating Locational Marginal Prices, Regional Transmission Organizations and Independent System Operators must cap cost-based incremental energy offers at \$2,000/MWh.

**Verification Requirement** - The costs underlying a resource's cost-based incremental energy offer above \$1,000/MWh must be verified before that offer can be used for purposes of calculating Locational Marginal Prices. If a resource submits an incremental energy offer above \$1,000/MWh and the costs underlying that offer cannot be verified before the market clearing process begins, that offer may not be used to calculate Locational Marginal Prices and the resource would be eligible for a make-whole payment if that resource is dispatched and the resource's costs are verified after-the-fact. A resource would also be eligible for a make-whole payment if it is dispatched and its verified cost-based incremental energy offer exceeds \$2,000/MWh.

**Resource Neutrality Requirement** - All resources, regardless of type, are eligible to submit cost-based incremental energy offers in excess of \$1,000/MWh.

# Tariff Provisions to Comply with Offer Cap Requirement

- maximum energy bid price for an energy bid that is not a virtual bid, export bid, demand bid or a bid for a non-resource-specific system resource shall be the higher of \$1,000/MWh or the CAISO verified cost-based energy bid price pursuant to CAISO verification rules
- maximum energy bid price for a virtual bid, export bid, demand bid, or a bid for non-resource-specific system resources shall be \$2,000/MWh
- for the purposes of calculating LMPs, the maximum energy bid price shall be \$2,000/MWh

# Tariff Provisions to Comply with Verification and Resource Neutrality Requirements

- consistent with the CAISO bid submission timelines, scheduling coordinators may submit a cost-based energy bid price above \$1000/MWh for all types of resources regardless of technology
- scheduling coordinators may not submit cost-based energy bid prices for virtual bids
- CAISO will verify the actual or expected costs underlying a cost-based Energy Bid price submitted by the Scheduling Coordinator that exceeds \$1000/MWh prior to the CAISO Market run

# Additional Section 205 Filings Developed Through CAISO initiative on Commitment Cost Default Energy Bid Enhancements (CCDEBE)

- Need for new verification rules
- Rules for updating default energy bid consistent with verified costs
- Transmission constraint and power balance constraint parameter adjustments

# Timeline for Filing and Implementation

- New implementation date – Fall 2019
- Filing of compliance and CCDEBE – April 2019