

# Introduction and CRR Year 2 Release Process



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California ISO  
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**Stakeholder Meeting on CRR Topics  
April 1, 2008**

# Review of Today's Agenda

- 🌐 CRR Year 2 Release Process
- 🌐 Increased MW Granularity of CRR Tracking
- 🌐 The “30-day Rule” for Scheduling Transmission Outages
- 🌐 Monthly CRR Eligibility for LSEs Without Verifiable Load Forecasts
- 🌐 CRR Credit Policy Enhancements
  - Holding Requirement for Short-Term CRRs
  - Re-filing Full-Term Coverage for LT-CRRs
  - Pre-Auction Credit Requirement
  - Tariff Clarification
  - Credit Policy for CRR Transfers with Load Migration
  - Parent Backing of Affiliates

# Proposed Dates for this Stakeholder Process

- 🌐 March 25 – Issue Papers posted
- 🌐 April 1 – Stakeholder meeting
- 🌐 April 8 – Initial Stakeholder written comments to:  
[CRRComments@caiso.com](mailto:CRRComments@caiso.com)
  - (Template for comments will be posted at:
- 🌐 April 14 – Straw Proposal on CRR Issues to be posted
- 🌐 April 21 – Stakeholder Conference Call
- 🌐 April 28 – Stakeholder written comments to:  
[CRRComments@caiso.com](mailto:CRRComments@caiso.com)
- 🌐 April 30 – Final Proposal on CRR Issues to be posted
- 🌐 May 7 -- Stakeholder Conference Call
- 🌐 May 21-22 – Presentation to CAISO Board of Governors

# Other Current CRR Forums

- 🌐 Methodology for CRR Transfers from Load Migration
  - *Background:*
    - 2/9/2006 MRTU Tariff requires LSEs losing customers through load migration must transfer proportionate share of CRRs
    - 1/29/2007 LT-CRR filing proposed the CAISO manage the transfer of CRRs to reflect such load migration
    - 7/20/2007 filing detailed tariff language for transferring CRRs
  - *Current:*
    - Work group of affected market participants developing methodology for converting data on load transfers into CRR transfers.
  
- 🌐 CRRs Associated with Integrated Balancing Authority Areas
  - Separate stakeholder process reviewing issues arising from CRRs that might be impacted by modeling changes associated with adjacent Balancing Authority Areas.

# Future CRR Policy Development

(identified in *Market Initiatives Roadmap posted March 28*)

- 🌐 Sale of CRRs in the CRR Auctions
- 🌐 CRR Optimization Algorithm
  - Use of “Weighted Least Squares” Algorithm
  - Multi-period Optimization Algorithm for LT-CRRs
- 🌐 Software for Bundling Individual PNode CRRs into Trading Hub CRRs
- 🌐 Flexible Term Lengths of LT-CRRs
- 🌐 Auction for LT-CRRs
- 🌐 Release of CRR Options

# Proposed Schedule for Annual CRR Release *(for CRRs effective in 2009)*

## Allocation

### Historical Load Submittal

- Opens August 8, 2008 at 0100
- Closes August 14, 2008 at 1700

### Priority Nomination Tier

- Opens September 3, 2008 at 0100
- Closes September 5, 2008 at 1700
- Results posted by 1700 on September 12, 2008

### Tier 2

- Opens September 18, 2008 at 0100
- Closes September 22, 2008 at 1700
- Results posted by 1700 on September 29, 2008

# Proposed Schedule for Annual CRR Release (for CRRs effective in 2009)

## Allocation (continued)

- 🌐 Tier Long Term
  - Opens October 7, 2008 at 0100
  - Closes October 10, 2008 at 1700
  - Results posted by 1700 on October 17, 2008
  
- 🌐 Tier 3
  - Opens October 22, 2008 at 0100
  - Closes October 24, 2008 at 1700
  - Results posted by 1700 on October 31, 2008

# Proposed Schedule for Annual CRR Release *(for CRRs effective in 2009)*

## Auction

- 🌐 Bidding Window opens November 7, 2008 at 0100
- 🌐 Bidding Window closes November 11, 2008 at 1700
- 🌐 Results posted by 1700 on November 18, 2008



# Key Issues in the CRR Year 2 Release Process

## CRR Source Verification for Quarter 1 2009

- First annual release of 2008 CRRs for Seasons 2,3,and 4 only.
  - Season 1 CRRs were not released.
- CAISO indicated Season 1 CRRs would be treated as a “Year 1” season in the next annual release.
  - Thus, Season 1 CRRs should be subject to source verification.

## What should be the reference period for verifying Season 1 source nominations?

- Continue to use 2006 as the basis for verification?
- Use a more recent period – such as Season 1 of 2007?
- Use another historical period?

# Key Issues in the CRR Year 2 Release Process *(continued)*

## Impact of MRTU Delay on CRRs for Quarters 2 and 3 2009

- First annual release of 2008 CRRs verified sources for Seasons 2, 3, and 4, but:
  - CRRs for Seasons 2 and 3 will not be in effect during actual MRTU market operation.

## Should CRR Seasons 2 and 3 be treated as “Year 1” or “Year 2” seasons?

- “Year 1” treatment means re-doing source verification and determining the historical reference period for this verification.
- “Year 2” treatment means no source verification and would allow CRRs for Seasons 2 and 3 to be eligible for the Priority Nomination Process.

# Key Issues in the CRR Year 2 Release Process *(continued)*

## CRRs for Quarter 4 2009

- Previously released CRRs for Season 4 were source verified.
- Assuming MRTU “Go Live” in 2008, these “Year 1” CRRs for Season 4 will be in effect during actual MRTU market operation.
- Thus, these CRRs for Season 4 should be eligible for Priority Nomination Process in the next annual release (for 2009 CRRs.)

# Key Issues in the CRR Year 2 Release Process *(continued)*

## Treatment of Long-Term CRRs

- Q2 and Q3 LT-CRRs will not be effective in 2008; thus, these LT-CRRs will have nine year durations.
  
- *Staggered Increase in LT-CRR Availability*
  - *MRTU Tariff Section 36.8.3.1.3.1:*
    - In “CRR Year One,” LSEs can nominate no more than **20%** of its Adjusted Load Metric for LT-CRRs (unless 10-year or longer contracts are demonstrated.)
  
  - *MRTU Tariff Section 36.8.3.5.2.1:*
    - In “CRR Year 2,” LSEs can nominate no more than **30%** of its Adjusted Load Metric for LT-CRRs (unless 10-year or longer contracts are demonstrated.)
    - In “CRR Year 3,” LSEs can nominate no more than **40%** of ALM...
    - In “CRR Year 4” and beyond, LT-CRR limitation is **50%** of ALM ...
  
- *CAISO Proposal: Treat Q1 LT-CRRs under “Year 1” limitation, and Q2-4 LT-CRRs under “Year 2” limitation.*