

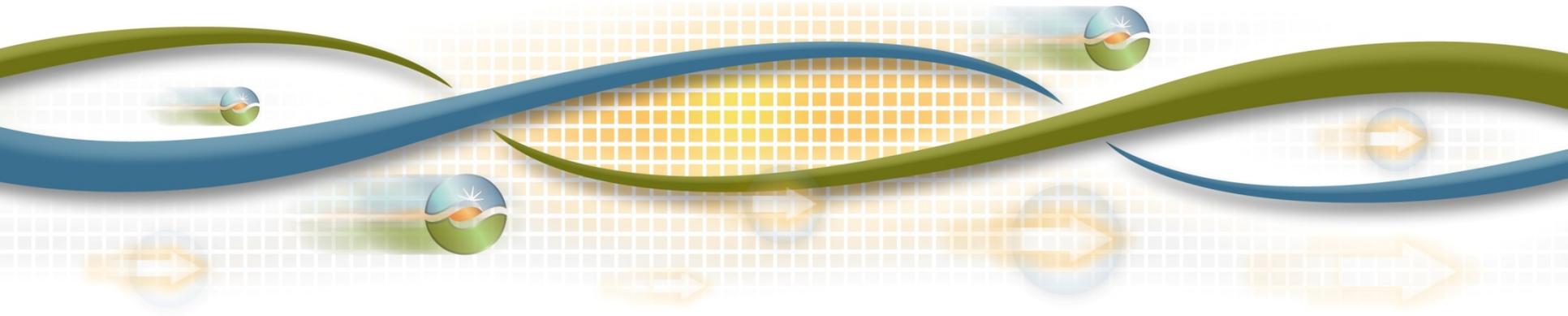
Bid Cost Recovery Enhancements

Perry Servedio

Sr. Market Design & Regulatory Policy Developer

Market & Infrastructure Policy

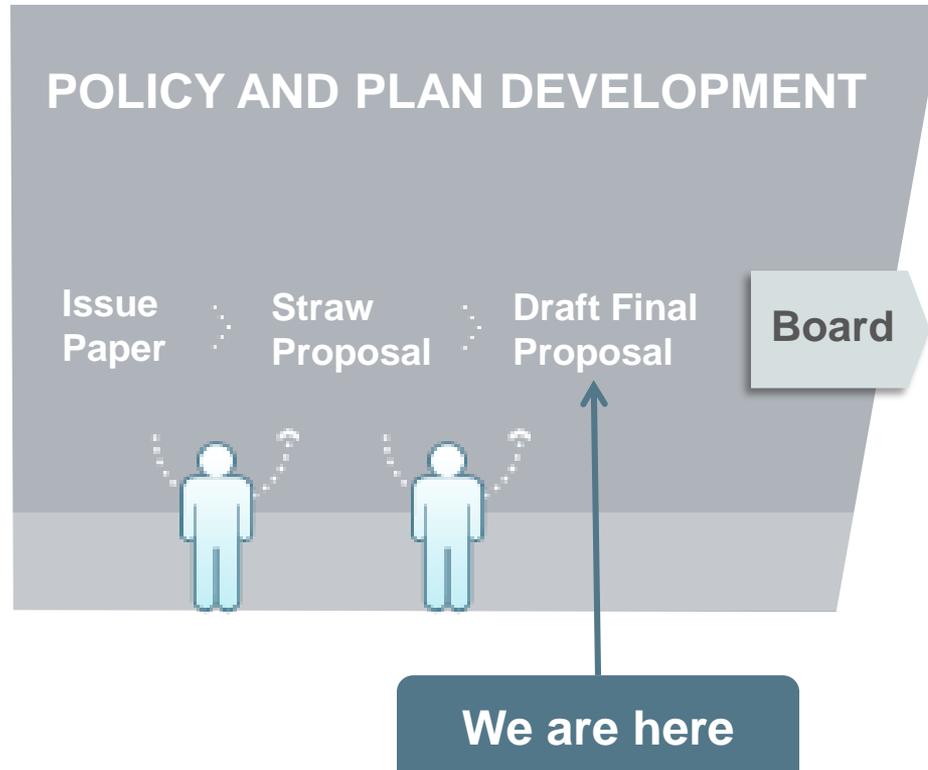
February 10, 2017



Agenda

Time	Topic	Presenter
9:00-9:05	Introduction	Kristina Osborne
9:05-9:20	Background & Objectives	Perry Servedio
9:20-11:00	Proposal	Perry Servedio

ISO Policy Initiative Stakeholder Process



BACKGROUND & OBJECTIVES

Background & Objectives

- The initiative initially comprised of three elements:
 1. IFM BCR for units operating across multiple days (**Propose no action**)
 2. Real-time two-tier BCR allocation based on deviations (**Suspend**)
 3. IFM BCR exemption for self-schedules (**Suspend**)

ANALYSIS & PROPOSAL

Analysis & Proposal

Today it works like this

Current cost consideration and bid cost recovery calculation				
Trade day	1		2	
Trade hour	23	24	1	2
Energy award	100	100	100	100
Energy LMP	\$40	\$35	\$30	\$25
Revenues	\$4,000	\$3,500	\$3,000	\$2,500
Total Daily Revenues	\$7,500		\$5,500	
Minimum load cost	\$2,000	\$2,000	\$2,000	\$2,000
Start-up cost	\$6,000		\$0	
Total Daily Costs	\$10,000		\$4,000	
Bid cost recovery per day	\$2,500		\$0	

Analysis & Proposal

The proposal considered would have worked like this

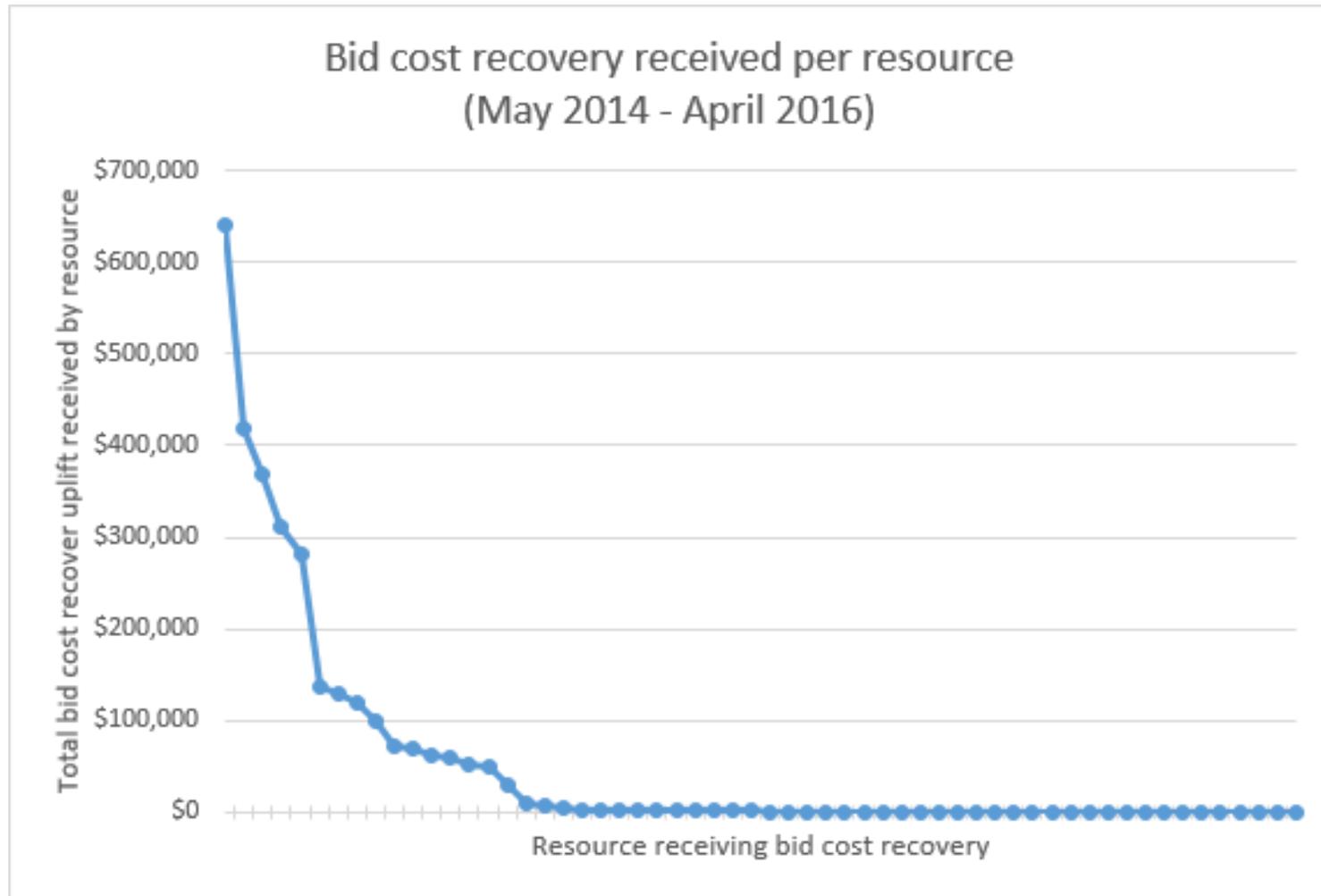
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Total Daily Revenues	\$7,500		\$5,500	
Minimum load cost	\$2,000	\$2,000	\$2,000	\$2,000
Start-up cost	\$3,000		\$3,000	
Total Daily Costs	\$7,000		\$7,000	
Bid cost recovery per day	\$0		\$1,500	

Analysis & Proposal

We fine-tuned our analysis to figure out the maximum potential benefit of making the change.

- Evaluated BCR over two years: May 2014 through April 2016
- Looked at amount of BCR paid to resources that operated over the day boundary
- Limited the benefit to the start-up cost of these resources
- \$2.93M maximum potential benefit representing 1.5% of the total IFM/RTM BCR payments over the period.

Analysis & Proposal



Analysis & Proposal

Given minimal potential benefit,

Given that most of these resources are retiring further reducing the potential benefit,

We propose to demonstrate to FERC that the ISO's current methodology is just and reasonable.

NEXT STEPS

Next Steps

Date	Event
11/24/2015	Issue paper
12/21/2015	Stakeholder conference call
01/15/2015	Stakeholder comments due on issue paper
06/03/2016	Straw proposal posted
06/21/2016	Stakeholder conference call
06/28/2016	Stakeholder comments due on straw proposal
02/03/2017	Draft final proposal posted
02/10/2017	Stakeholder conference call
02/17/2017	Stakeholder comments due on draft final proposal

Please submit comments to initiativecomments@caiso.com

QUESTIONS