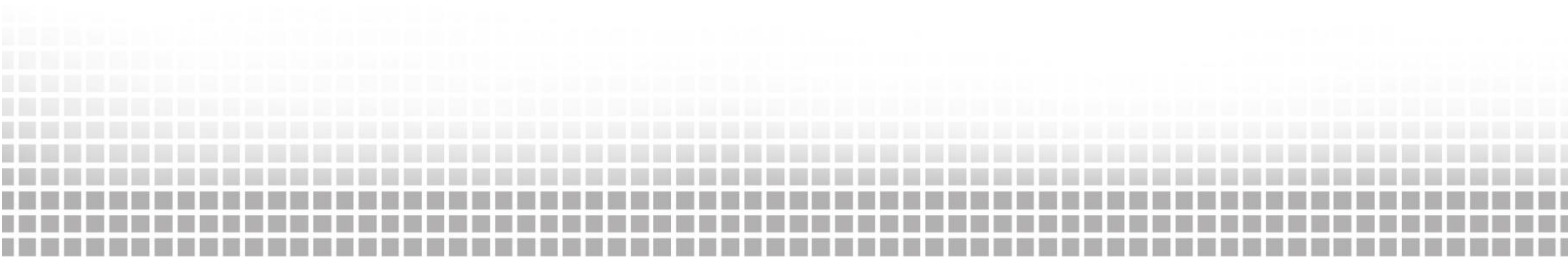


Intertie Deviation Settlement

Tariff Clarification

May 9, 2024

California Independent System Operator



I. Executive Summary

As part of its ongoing internal audit and compliance activities, the CAISO identified a gap between the tariff language and implementation for tariff section 30.5.7. This section addresses the relationship between the timing of submitting the transmission profile of an E-Tag and the intertie resource's eligibility to receive an FMM schedule. The current implementation, however, aligns with the approved policy from the stakeholder initiative that preceded filing the currently-effective version of section 30.5.7. The CAISO still believes the policy developed in that initiative was correct. It therefore intends to amend the tariff to align it with the policy and current implementation.

II. Background

A. The Intertie Deviation Settlement Initiative

The Intertie Deviation Settlement (IDS) initiative, which was implemented in 2021, created a new set of financial charges for scheduling coordinators with a difference between their schedule from the Hour Ahead Scheduling Process (HASP) and the final quantities on their electronic tags (E-Tags). As part of the policy, the CAISO also developed rules on the connection between when the resource's scheduling coordinator submits the transmission profile portion of the E-Tag and what FMM schedule the CAISO awards.

The CAISO initially proposed a deadline of forty minutes before the hour (T-40) for the resource to submit an E-tag in the real-time market. A resource's failure to cover an award from the HASP process with an E-Tag, including a full transmission profile, by T-40 would have resulted in the resource receiving a 0 MW schedule for all four fifteen-minute market (FMM) intervals of the hour.

The final proposal removed this approach for two reasons.

1. Some forecasts for variable energy resources are not provided until T-30. A T-40 transmission profile deadline would require those resources to submit a transmission profile before they would know what they likely can provide for the hour. The CAISO determined it was preferable to maintain flexibility for resources in this scenario.
2. The CAISO concluded requiring the transmission profile at T-40 ultimately struck the wrong balance between the competing concerns of accuracy and flexibility. The initial proposal would serve the interests of operating the market processes with the most reliable information as possible. That benefit, however, would have come at the cost of disregarding energy offers from a resource that still may submit a valid E-Tag between T-40 and T-20. Writing off that energy and ignoring it in the market would reduce operational flexibility too much to justify any offsetting benefits.

B. The Intertie Deviation Settlement Tariff Filing

The CAISO proposed tariff amendments to implement the IDS initiative on May 22, 2020 in docket no. ER20-1890. Section 30.5.7 and its subsections established timing deadlines for submission of E-Tags, including a rule for intertie transactions that the transmission profile at T-40 must support the self-schedule or economic bid submitted to the FMM or else the FMM schedule would be set to zero MWs for all four FMM intervals of the hour.

As approved, tariff sections 30.5.7.1, 30.5.7.2, 30.5.7.3, 30.5.7.4, and 30.5.7.5 all state “[b]y forty minutes prior to the applicable Trading Hour, the Scheduling Coordinator must submit an E-Tag (or set of E-Tags) that passes CAISO E-Tag validation procedures and that supports the [intertie self-schedule or economic bid]. If the Scheduling Coordinator fails to submit a valid E-Tag by forty minutes prior to the applicable Trading Hour, then the CAISO will set the MW quantity of the FMM Schedule . . . to zero for each FMM interval of the hour.” Those sections also state the energy profile at T-40 need not match the HASP schedule but failure to conform the energy profile to the lower of the transmission profile or the HASP schedule will expose the scheduling coordinator to the Under/Over Delivery Charge.

C. Current Implementation of Intertie Deviation Settlement Initiative Tariff Provisions

Rather than implementing a single timing cut-off after which the FMM schedules for an hour would be set to zero, the CAISO implemented a rolling cut-off where the lowest of the HASP schedule, the transmission profile, and the energy profile as of T-40 (for FMM1), T-25 (for FMM2), and T-20 (FMM3 and FMM4) set the upper limit of the FMM schedule. Functionally the market will consider the energy associated with the E-Tag in the first financially binding fifteen minute interval following the submission of the E-Tag.

The following chart provides an example of both the current implementation and the implementation intended under the policy for the sample hour starting at 10:00 AM.

	FMM1	FMM2	FMM3	FMM4
Operating interval	10:00:00	10:15:00	10:30:00	10:45:00
Real-time market bids due	8:45:00	8:45:00	8:45:00	8:45:00
HASP results	9:15:00	9:15:00	9:15:00	9:15:00
<i>Tariff</i> --Transmission profile due to avoid 0 MW FMM schedule	9:20:00	9:20:00	9:20:00	9:20:00
<i>Current Implementation</i> --Transmission and energy profile due to avoid 0 MW FMM schedule	9:20:00	9:35:00	9:40:00	9:40:00
FMM process starts	9:22:30	9:37:30	9:52:30	10:07:30
Transmission profile due per NAESB	9:40:00	9:40:00	9:40:00	9:40:00
Energy profile due per NAESB	9:40:00	9:40:00	9:40:00	9:40:00

III. Proposed Tariff Revisions

After considering the matter, the CAISO concluded amending the tariff to align with current implementation and the finalized policy is the preferable approach, largely because the CAISO still believes the initial policy is appropriate.

To conform the tariff-defined E-Tag timelines with existing practice and more clearly identify the market consequences for failure to meet the timelines, the CAISO proposes section 30.5.7 to state:

30.5.7 E-Tag Rules and Treatment of Intertie Schedules

In addition to complying with all generally applicable E-Tagging requirements, Scheduling Coordinators receiving a HASP Block Intertie Schedule or HASP Advisory Schedule must submit an E-Tag (or set of E-Tags) in support of the HASP Schedule that passes CAISO E-Tag validation procedures. Such Scheduling Coordinators are also subject to the FMM Schedule consequences specified in this Section 30.5.7.

30.5.7.1 FMM E-Tag Submission Timing Cut-Offs

For the purposes of this section 30.5.7, the CAISO enforces the following FMM E-Tag submission timing cut-offs for Intertie Bids:

- (a) Forty minutes prior to the Trading Hour (T-40) for the first FMM interval of the Trading Hour.
- (b) Twenty-five minutes prior to the Trading Hour (T-25) for the second FMM interval of the Trading Hour.
- (c) Twenty minutes prior to the Trading Hour (T-20) for the third and fourth FMM interval of the Trading Hour.

30.5.7.2 Upper Limit on FMM Schedules

The RTUC does not award FMM Schedules that exceed the lowest of the:

1. Quantity of the HASP Block Intertie Schedule or HASP Advisory Schedule ADS recognizes the Scheduling Coordinator as accepting for the period covered by the FMM interval.
2. Transmission profile of the E-Tag at the FMM E-Tag submission timing cut-off for the FMM interval.
3. Energy profile of the E-Tag at the FMM E-Tag submission timing cut-off for the FMM interval.

30.5.7.3 Intra-Hour Schedule Changes for HASP Advisory Schedules

The FMM may provide an intra-hour Schedule change to a resource with a HASP Advisory Schedule. The MW level to which the FMM can provide such a change above the HASP

Advisory Schedule is limited by the quantity of the transmission profile submitted by the FMM E-Tag submission timing cut-off for the relevant FMM interval.

The CAISO may increment or decrement the Energy profile on behalf of the Scheduling Coordinator to correspond to the intra-hour redispatch. Absent extenuating circumstances, the CAISO automatically makes such updates. In performing this service for a Scheduling Coordinator, the CAISO does not assume any responsibility for compliance with any E-Tag requirements or obligations to which the Scheduling Coordinator is subject. The Scheduling Coordinator is responsible for reviewing any potential updates to the Energy profile to review the updates and ensure they appropriately reflect the FMM schedule. The changed energy profile will apply for the balance of the operating hour unless it is subsequently changed by a further updated energy profile.

30.5.7.4 CAISO Adjustments to Energy Profile for Reliability

The CAISO may modify the Energy profile for any Intertie Schedule due to reliability-related curtailments.

IV. Next Steps

The CAISO is holding a stakeholder call to discuss the proposed tariff clarifications on May 9, 2024. The CAISO is interested ensuring stakeholders understand the existing implementation and looks forward to discussing the proposed tariff revisions to the extent stakeholders desire. The CAISO plans to present these tariff revisions for FERC approval no later than June 1, 2024.