



2017 Draft Policy Initiatives Roadmap

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1 Introduction

The *Policy Development Roadmap* is used in conjunction with the *Stakeholder Initiatives Catalog* in developing which policy initiatives the ISO will undertake in 2017 and their approximate timeframes. As illustrated in section 5, below, the ISO already has a substantial number of in-progress and already planned initiatives. As part of the policy development roadmap process, the ISO works with stakeholders to rank discretionary initiatives. Based on this ranking, the ISO may add initiatives to the roadmap if time and resources allow.

The ISO initially performs an analysis and ranks each discretionary initiative based on overall benefit and feasibility. The ISO will subsequently revise this initial ranking based on stakeholder feedback.

The roadmap development process consists of:

1. Ranking of discretionary initiatives for consideration in the development of the policy initiatives roadmap;
2. Review stakeholder input of the rankings of discretionary initiatives and revising initiatives as necessary;
3. Finalizing the ranked discretionary initiatives; and
4. Publishing the final *2017 Policy Initiatives Roadmap*.

2 Plan for Stakeholder Engagement

The following table outlines the proposed schedule to complete the *2017 Policy Initiatives Roadmap*.

Stakeholder Process Schedule	
Date	Milestones
Oct 28	<i>Post 2017 Draft Policy Initiatives Roadmap that includes the ISO's proposed ranking of initiatives.</i>
Nov 3	<i>Stakeholder call</i>
Nov 17	<i>Stakeholder written comments due regarding the ISO's ranking of initiatives.</i>
Dec 15	<i>Post 2017 Draft Final Policy Initiatives Roadmap</i>
Dec 22	<i>Stakeholder call</i>
Jan 9, 2016	<i>Stakeholder written comments due regarding the 2017 Draft Final Policy Roadmap</i>
Feb 1, 2017	<i>Present 2017 Draft Final Policy Initiatives Roadmap to the EIM Governing Body</i>
Feb 15, 2017	<i>Present 2017 Policy Initiatives Roadmap to the Board of Governors</i>

For the stakeholder comments due November 17, the ISO requests stakeholder written comments regarding any of the following:

1. Agreements of the ISO's high level ranking for initiatives; or
2. Disagreements of the ISO's high level ranking for initiatives. Stakeholders should include a justification for each ranking they would like to be changed.

Stakeholders should submit their comments to initiativecomments@caiso.com by the close of business on Thursday, November 17, 2016.

3 2017 Roadmap Initiative Ranking Process

First, the ISO independently conducts a high level assessment of proposed policy initiatives. The ISO applies a simplified ranking process of three benefit and two feasibility criteria as show in Table 1 below. Each initiative is graded with "High", "Medium" or "Low" based on the results of their criteria ranking.¹ The grade criteria also has an associated number scale that ranges from one (1) to ten (10); ten (10) being the highest. The total possible score an initiative can receive is fifty (50). These results are then published for stakeholders to review and comment.

After the ISO reviews stakeholder's comments, initiative's rankings are changed, if necessary. Based on the new rankings, the information is used in determining which policy initiatives will be a part of the *2017 Policy Initiatives Roadmap*.

Table 1: ISO's High Level Prioritization Criteria

	Criteria	HIGH	MEDIUM	LOW	NONE	
		10	7	3	0	
A	Benefit	Grid Reliability	Significant Improvement	Moderate Improvement	Minimal Improvement	No Improvement
B		Improving Overall Market Efficiency	Significant improvement	Moderate improvement	Minimal improvement	No impact
C		Desired by Stakeholders	Universally desired by stakeholders	Desired by majority of stakeholders	Desired by a small subset of stakeholders	No apparent desire
D	Feasibility	Market Participant Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact
E		ISO Implementation Impact (\$ and resources)	No Impact	Minimal Impact	Moderate Impact	Significant impact

¹ A score of "high" receives a ten (10). A score of "medium" receives a seven (7). A score of "low" receives a three (3). A score of "none" receives a zero (0).

4 Draft High Level Prioritization

The ISO's 2017 Ranking Table below illustrates the high level prioritization of discretionary policy initiatives to be considered for the *2017 Policy Initiatives Roadmap*.

ISO's 2017 Ranking Table

Initiative Name	Grid Reliability	Improving Overall Market Efficiency	Desired by Stakeholders	Total Benefit	Market Participant Implementation (\$ and resources)	ISO Implementation (\$ and resources)	Total Feasibility	Total Score
Real-Time Market Enhancements	7	7	7	21	7	3	10	31
Management of EIM Imbalance Settlement for Bilateral Schedule Changes	3	7	7	17	7	7	14	31
Risk-of-Retirement Process Enhancements	10	3	3	16	10	3	13	29
CRR Auction Efficiency	0	7	7	14	7	7	14	28
Donation by Third Party for Transmission Capacity Available for EIM Transfers	3	7	3	13	7	7	14	27
Regional Multi-Year RA ²	7	7	3	17	7	3	10	27

² The actual timeline of this initiative will be coordinated with the CPUC's Multi-Year RA proceeding.

Initiative Name	Grid Reliability	Improving Overall Market Efficiency	Desired by Stakeholders	Total Benefit	Market Participant Implementation (\$ and resources)	ISO Implementation (\$ and resources)	Total Feasibility	Total Score
Export Charges	3	3	7	13	7	7	14	27
Combine IFM/RUC with Multi-Day Unit Commitment	3	10	7	20	3	3	6	26
Aggregated Pumps and Pumped Storage	3	7	3	13	7	3	10	23
Potential EIM-wide Transmission Rate	3	3	3	9	7	7	14	23
Regulation Pay-for-Performance Enhancements	3	3	3	9	7	7	14	23
Review MIC	3	7	3	13	7	3	10	23
EIM External Resource Participation	3	7	3	13	7	3	10	23
Multi-Stage Generation Bid Cost Recovery	3	7	3	13	7	3	10	23
Integrated Optimal Outage Coordination - Phase 2	3	3	3	9	7	7	14	23

Initiative Name	Grid Reliability	Improving Overall Market Efficiency	Desired by Stakeholders	Total Benefit	Market Participant Implementation (\$ and resources)	ISO Implementation (\$ and resources)	Total Feasibility	Total Score
Marginal Loss Surplus Allocation Approaches	0	3	3	6	10	7	17	23
Market Mechanism for Blackstart and System Restoration	3	3	3	9	7	7	14	23
Compensation for Third Parties Making Capacity Available for EIM Transfers	3	3	3	9	7	7	14	23
EIM Over/Under Scheduling Load Enhancements	3	3	3	9	7	7	14	23
Examination of NQC Values for ELCC Methodology	3	3	3	9	7	7	14	23
Regulation Service RT Energy Make Whole Settlement	3	3	3	9	7	7	14	23
Allowing Convergence Bidding at CRR Sub-Load Aggregation Points	3	3	3	9	7	7	14	23
FMM Block Scheduling of Demand Response Resources	3	3	3	9	7	7	14	23
Hourly Bid Cost Recovery Reform	0	3	3	6	7	7	14	20

Initiative Name	Grid Reliability	Improving Overall Market Efficiency	Desired by Stakeholders	Total Benefit	Market Participant Implementation (\$ and resources)	ISO Implementation (\$ and resources)	Total Feasibility	Total Score
Exceptional Dispatch Decremental Settlement	0	3	3	6	7	7	14	20
FMM Settlements of Non-Participating Resources	0	3	3	6	7	7	14	20
Extending the submission deadline or allow updates for Real-Time Inter-SC trades	0	3	3	6	7	7	14	20
2017 IPE	0	3	3	6	7	7	14	20
GIDAP and Industry Generation Procurement Solicitations Alignment Opportunities	0	3	3	6	7	7	14	20
CRR Revenue Sufficiency	0	7	7	14	3	3	6	20
Implement Point-to-Point Convergence Bids	0	3	3	6	7	7	14	20
Flow Entitlements for Base/Day-ahead Schedules	3	3	3	9	7	3	10	19
Extended Pricing Mechanisms	3	3	3	9	7	3	10	19

Initiative Name	Grid Reliability	Improving Overall Market Efficiency	Desired by Stakeholders	Total Benefit	Market Participant Implementation (\$ and resources)	ISO Implementation (\$ and resources)	Total Feasibility	Total Score
Bidding Rules on External EIM Interties	3	3	3	9	7	3	10	19
Multi-Stage Generator Regulation Refinements	3	3	3	9	7	3	10	19
Multi-Year Risk-of-Retirement	3	3	3	9	7	3	10	19
Fractional Megawatt Regulation Awards	0	0	3	3	7	7	14	17
Inter-Scheduling Coordinator Trade Adjustment Symmetry	0	0	3	3	7	7	14	17
Economic Methodology for Transmission Outages	0	3	3	6	7	3	10	16
Review of Convergence Bidding Uplift Allocation	0	3	3	6	7	3	10	16
Rescheduled Outages	0	0	3	3	7	3	10	13
Flexible Ramping Product Enhancements ³	-	-	-	0	-	-	0	0

³ This initiative was not ranked because history is needed to determine how the flexible ramping product is working after its implementation.

Initiative Name	Grid Reliability	Improving Overall Market Efficiency	Desired by Stakeholders	Total Benefit	Market Participant Implementation (\$ and resources)	ISO Implementation (\$ and resources)	Total Feasibility	Total Score
Fast Frequency Response ⁴				0			0	0

⁴ This initiative was not ranked because it's dependent on Frequency Response Phase 2 study to define this initiative.

5 2017 Policy Initiative Roadmap

The illustration below reflects the eighteen initiatives currently underway and planned for 2017. Timeframes are estimates and are subject to change.

