

Draft Final Proposals on CRR Enhancements



Lorenzo Kristov, Principal Market Architect



California ISO
Your Link to Power

Stakeholder Conference Call
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The CAISO is finalizing proposals on these CRR-related policy issues.

- 🌐 CRR Year 2 Release Process
- 🌐 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
 - Credit Policy for CRR Transfers Associated with Load Migration
 - Credit Requirement for Holding Short-Term CRRs
 - Pre-Auction Credit Margin Requirement

Stakeholder Process that has developed these CRR policy enhancements.

- 🌐 March 25 – Issue Papers posted
- 🌐 April 1 – Stakeholder meeting
- 🌐 April 8 – Initial Stakeholder comments posted
- 🌐 April 14 – Straw Proposals on these CRR issues posted
- 🌐 April 21 – Stakeholder Conference Call
- 🌐 April 28 – Stakeholder comments on Straw Proposals posted
- 🌐 May 6 – Draft Final Proposal on CRR Issues posted
- 🌐 May 12 – Stakeholder Conference Call

- 🌐 May 21-22 – Final Proposal presented to CAISO Board of Governors

Additional Key Dates for Stakeholder Review of draft Tariff Language on these CRR Issues

- 🌐 May 9 – CAISO posts draft Tariff Language
- 🌐 May 19 – Stakeholder written comments due (on draft Tariff Language) to MRTUTariff@caiso.com
- 🌐 May 23 – Stakeholder conference call to review draft Tariff Language (10:00 am – 1:00 pm)
- 🌐 May 30 – Filing to FERC on CRR Issues

Tentative Schedule for Source Submittal and Verification in the next Annual CRR Allocation

- CAISO anticipates collecting and verifying LSEs' submitted sources for Season 1 (January through March 2009) based on historic reference period of first quarter 2007.
- The CAISO will collect and verify Out of Balancing Authority Area Load Serving Entities (OBAALSEs) submitted sources for Season 1 through 4 (January to December 2009) based on a forward looking reference period of 2009.
- Tentative Schedule:
 - Collection of 2009 Source Data Templates and Declarations will begin on July 1, 2008 and end at close of business July 14, 2008.
 - Verification of source submittals will begin on July 15, 2008 and end at close of business August 4, 2008.
 - Source Upper Bounds (including PNP information) will be provided to allocation participants on August 21, 2008 via the CRR Market User Interface.

Schedule for next Annual CRR Release (for CRRs effective in 2009)

Allocation

 *The 2009 Annual CRR Allocation begins on August 8, 2008 and ends on October 31, 2008.*

Historical Load Submittal

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

* **Priority Nomination Tier (for Quarters 2,3,4)**

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

 * ***Tier 1 (for Quarter 1)***

Schedule for next Annual CRR Release (for CRRs effective in 2009)

Allocation (continued)

Tier 2

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

* Tier Long Term

- Opens October 7, 2008 at 0100
- Closes October 10, 2008 at 1700
- Results posted by 1700 on October 17, 2008

* (LT-CRR nominations must come from Tier 1 or PNP for Q2-4. LT-CRR nominations can come from Tier 1 or Tier 2 for Q1)

Tier 3

- Opens October 22, 2008 at 0100
- Closes October 24, 2008 at 1700
- Results posted by 1700 on October 31, 2008

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

Auction

- 🌐 Bidding Window opens November 7, 2008 at 0100
- 🌐 Bidding Window closes November 12, 2008 at 1700
- 🌐 Results posted by 1700 on November 19, 2008

Draft Final Proposals for the CRR Year 2 Release Process

CRR Source Verification for Quarter 1 2009

- Season 1 CRRs were not released for 2008 and therefore not source verified.

 **Draft Final Proposal:** *2007 Quarter 1 should be the reference period for verifying Season 1 source nominations.*

- More recent source verification information better matches grid usage.

Draft Final Proposals for 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.

Draft Final Proposal: *Treat CRR Seasons 2 and 3 as “Year 2” seasons that are eligible for the Priority Nomination Process.*

- No need to “re-do” source verification.
- Avoids potential impact on LT-CRRs that were already allocated for Seasons 2 and 3.

Draft Final Proposals for the CRR Year 2 Release Process *(continued)*

CRRs for 2009 Quarter 4

- 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.
- **Draft Final Proposal:** *CAISO confirms these CRRs for Season 4 should be eligible for Priority Nomination Process in the next annual release (for 2009 CRRs.)*

Draft Final Proposals for 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 ...
- **Draft Final Proposal:** *CAISO confirms Q1 LT-CRRs should be treated under “Year 1” limit, and Q2-4 LT-CRRs should be treated under “Year 2” limit.*

Draft Final Proposal for MW Granularity of CRRs

- Currently the minimum denomination of CRRs is 0.1 MW.
- **Draft Final Proposal:** *Adopt the 0.001 MW level (1kW) for the next annual release (for 2009 CRRs.)*
 - Will be applicable for CRR nominations in the allocation and auction processes.
 - This granularity threshold will be configurable and could be modified in the future.

Draft Final Proposal on 30-Day Rule on Outage Scheduling

- The 30-Day Rule requires PTOs to schedule “significant outages” with the CAISO at least 30 days prior to the month in which the outage will occur.
 - Current rule exempts outages initiated and completed within a single calendar day.
- **Draft Final Proposal:** *Modify this rule so that outages initiated and completed within a 24-hour period are exempt (instead of one calendar day).*
 - *This modification will be reflected in the next revision of the BPM for CRRs.*

Draft Final Proposal on 30-Day Rule on Outage Scheduling *(continued)*

- 🌐 CRR BPM Sec. 10.3.1 provides process for PTOs to submit facilities they wish to exempt from 30-Day Rule.
 - To gain exemption, an outage must have no impact on shift factors or constraint limits in the FNM.

- 🌐 **Draft Final Proposal:** *The CAISO will eliminate these exemption provisions in the next revision of the BPM for CRRs.*
 - New criteria for exemptions can be developed as actual LMP market experience unfolds.

Draft Final Proposal on 30-Day Rule on Outage Scheduling *(continued)*

- Approximately 6 months after MRTU start-up, the CAISO will begin empirical assessment of effectiveness of outage modeling approach and 30-day rule.
 - Develop empirical basis for assessing impacts of outages on CRR revenue adequacy.
 - Consider potential modifications to exemption policy after 12 months of market operation under LMP.

- **Draft Final Proposal:** *The CAISO commits to:*
 - *developing an analytical methodology for assessing the impacts of outages on CRR revenue adequacy.*
 - *assessing (with stakeholders) whether revisions to the 30-day rule exemption policy are appropriate.*

Draft Final Proposal on Monthly CRR Eligibility for LSEs Without Verifiable Load Forecasts

- Each month LSEs provide a load forecast so the CAISO can determine their eligibility for monthly CRRs.
- The load forecast is verified against the load forecast used for RA purposes and adjusted if necessary for consistency.
- Draft Final Proposal:** *In the absence of a verifiable load forecast, the CAISO will use up to five years of previous historical load of the same month.*
 - For each TOU and sink, a load metric for each of the five relevant months will be computed. Then the five load metrics will be averaged.*
 - If five years historical data are not available, CAISO will utilize as many years as are available.*