

# Straw Proposals on CRR Issues



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**California ISO**  
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**Stakeholder Conference Call**  
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# The CAISO Offers Straw 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

## Today's discussion advances this Stakeholder Process on CRR Issues.

- 🌐 March 25 – Issue Papers posted
- 🌐 April 1 – Stakeholder meeting
- 🌐 April 8 – Initial Stakeholder comments posted
  - (15 entities submitted comments)
- 🌐 April 14 – Straw Proposals on these CRR issues posted at:  
<http://www.caiso.com/1b8c/1b8cdf25138a0.html>
- 🌐 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

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

- 🌐 May 1 – CAISO posts draft Tariff Language
- 🌐 May 15 – Stakeholder written comments due (on draft Tariff Language)
- 🌐 May 23 – Stakeholder conference call to review draft Tariff Language
- 🌐 May 30 – Filing to FERC on CRR Issues

# Revised Schedule for 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.**”

– correction to page 5 of the April 14th Straw Proposal on CRR Issues.

### **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)**

# Revised Schedule for 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

# Revised Schedule for 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**
- 🌐 *\*Dates changed in response to stakeholder suggestion to account for the November 11 (Veterans Day) holiday.*

# Straw 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.
- **Straw Proposal:** *2007 Quarter 1 should be the reference period for verifying Season 1 source nominations.*
  - More recent source verification information better matches grid usage.
  - CAISO does not propose 2008 because of the possibility that parties could have shaped contractual arrangements in anticipation of CRR source verification.

# Straw 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.

## **Straw 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.

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

# Straw 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 ...
- **Straw 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.*

# Straw Proposal for MW Granularity of CRR Awards

- 🌐 Currently the minimum denomination of CRRs is 0.1 MW.
- 🌐 **Straw Proposal:** *Adopt the 0.001 MW level (1kW) for the next annual release (for 2009 CRRs.)*
  - Most parties submitting comments supported this level.
  - CAISO believes granularity of 0.001 provides benefit to the accuracy of small MW nominations that outweighs potential administrative cost.
  - This granularity threshold will be configurable and could be modified in the future.

## Straw 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.
- **Straw Proposal:** *Modify this rule so that outages initiated and completed within a 24-hour period are exempt (instead of one calendar day.)*
  - *“The CAISO now intends to implement the change in the next revision of the **BPM for CRRs**” (not the BPM for Outage Management) – correction to page 12 of the April 14 Straw Proposal on CRR Issues.*

## Straw Proposal on 30-Day Rule on Outage Scheduling

- 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.
  
- **Straw 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.

# Straw Proposal on 30-Day Rule on Outage Scheduling

- 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.
- **Straw 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.*

## Straw 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 and adjusted if necessary against the load forecast used for RA purposes.
- Straw Proposal:** *In the absence of a verifiable load forecast, the CAISO will use the historical load of the same month from the previous five years.*
  - 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.*