



California ISO

Draft 2023-2025 Policy Initiatives Roadmap

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February 21, 2023

Housekeeping reminders

- This call is being recorded for informational and convenience purposes only. Any related transcriptions should not be reprinted without ISO's permission.
- Meeting is structured to stimulate dialogue and engage different perspectives.
- Please keep comments professional and respectful.
- Please try and be brief and refrain from repeating what has already been said so that we can manage the time efficiently.

Instructions for raising your hand to ask a question

- If you are connected to audio through your computer or used the “call me” option, select the raise hand icon  located on the top right above the chat window. Note: #2 only works if you dialed into the meeting.
 - Please remember to state your name and affiliation before making your comment.
 - If you need technical assistance during the meeting please send a chat to my Event Producer, or meeting facilitator **Brenda Corona**
 - For general questions please send a chat with your name and affiliation to all panelists.

Jane Doe: Company XYZ....Question..

Policy Initiatives Catalog and Roadmap process

- Stakeholders and the ISO regularly identify issues to be considered for a policy initiative in the Catalog
- In the Roadmap process, initiatives are prioritized by
 - Regulatory requirements
 - Reliability and market efficiency needs
 - Stakeholder input
 - Strategic objectives
- The number, size, and timeline of initiatives depends on
 - Regulatory requirements
 - Available resources
 - Regulatory and implementation timelines
 - Interdependencies

The Draft Roadmap incorporates feedback from stakeholders: price signals

- Stakeholders have expressed concerns about having accurate price signals, in particular during tight supply conditions
- Price Formation Enhancements includes
 - Scarcity pricing
 - Fast start pricing
 - Flex ramp product horizon extension

The Draft Roadmap incorporates feedback from stakeholders: storage

- The storage community currently represents 5,200 MW of capacity in CA which will double in the next few years
- While there are initiatives targeting storage needs specifically, many changes are being considered in broader initiatives addressing multiple issues
 - Storage Modeling Enhancements
 - Price Formation Enhancements initiatives include
 - Scarcity pricing
 - Storage bid cost recovery changes
 - Multi-interval optimization
 - Variable Energy Resource and Storage Dispatch Enhancements

The Draft Roadmap incorporates feedback from stakeholders: regional market expansion

- Entities across the western interconnection have expressed a strong desire for more regional markets
- The EDAM initiative extends the economic and reliability benefits of the day-ahead market to WEIM entities
- Day Ahead Market Enhancements policy will support the EDAM effort, in particular by defining an imbalance reserve product
- Other initiatives supporting regional markets:
 - Resource Sufficiency Evaluation Enhancements
 - Transmission services and market scheduling priorities
 - Transmission planning enhancements

Some stakeholder requested an initiative to address gas resource issues across the western interconnection

- Operational challenges resulting from gas and electricity market timelines
- Need for more options for establishing DEBs for use-limited gas resources
- The ISO plans to establish a stakeholder working group on gas resource issues to better understand the concerns and determine if an initiative and/or other actions are needed

The ISO received feedback for potential improvements to the Catalog and Roadmap process

- The ISO will conduct a stakeholder engagement effort to solicit and discuss potential changes to the Catalog and Roadmap process
- Early ideas for improvement include
 - Requesting catalog comments on what initiatives can be excluded or grouped together
 - Expanding ISO responses to submitted items
 - Providing opportunities for stakeholder input on prioritization prior to developing draft roadmap
 - Providing a Roadmap document companion to presentation

Draft 2023-2025 Policy Initiatives Roadmap

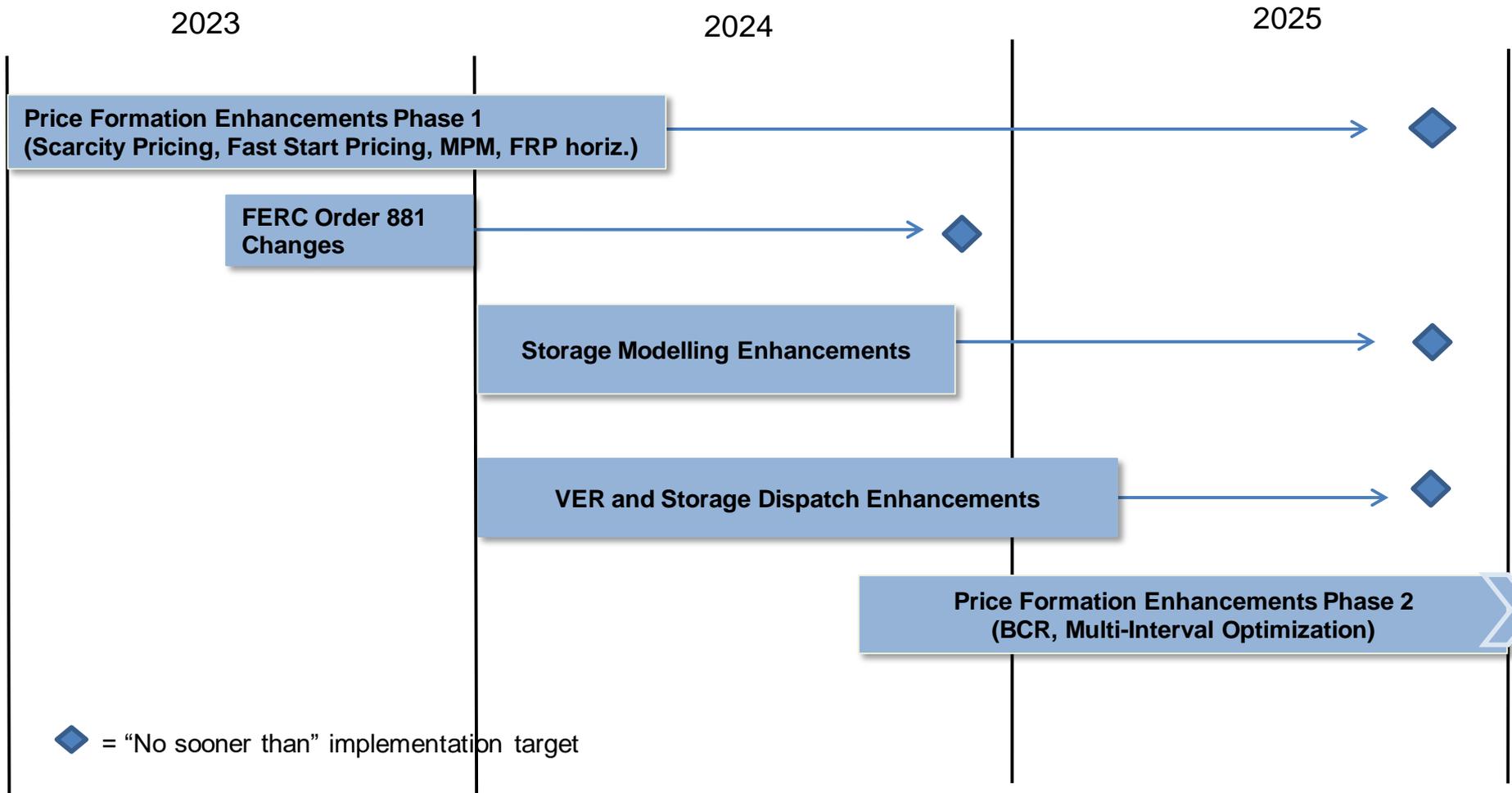
- Initiatives on the Roadmap are organized under the Strategic Objective they most directly support
- Implementation timelines are “no earlier than” estimates, and are subject to change. Feedback on these timelines is appreciated
- Not all ongoing or upcoming policy initiatives are captured in the diagrams, but rather we focus here on the larger policy and/or implementation efforts

Reliably and Efficiently Integrate New Resources by Proactively Upgrading Operational Capabilities

- Includes initiatives focused on improving the modeling of resources to better reflect their economic and physical characteristics
- Two phases of Price Formation Enhancements including scarcity pricing, market power mitigation, fast start pricing, bid cost recovery, and multi-interval optimization
- FERC Order 881 changes will require a relatively straightforward policy initiative process, but significant implementation
- VER and Storage Dispatch Enhancements will focus on operational control and tools, especially ramp rate considerations

Critical Strategic and Tactical Objectives: 1

Reliably and Efficiently Integrate New Resources by Proactively Upgrading Operational Capabilities

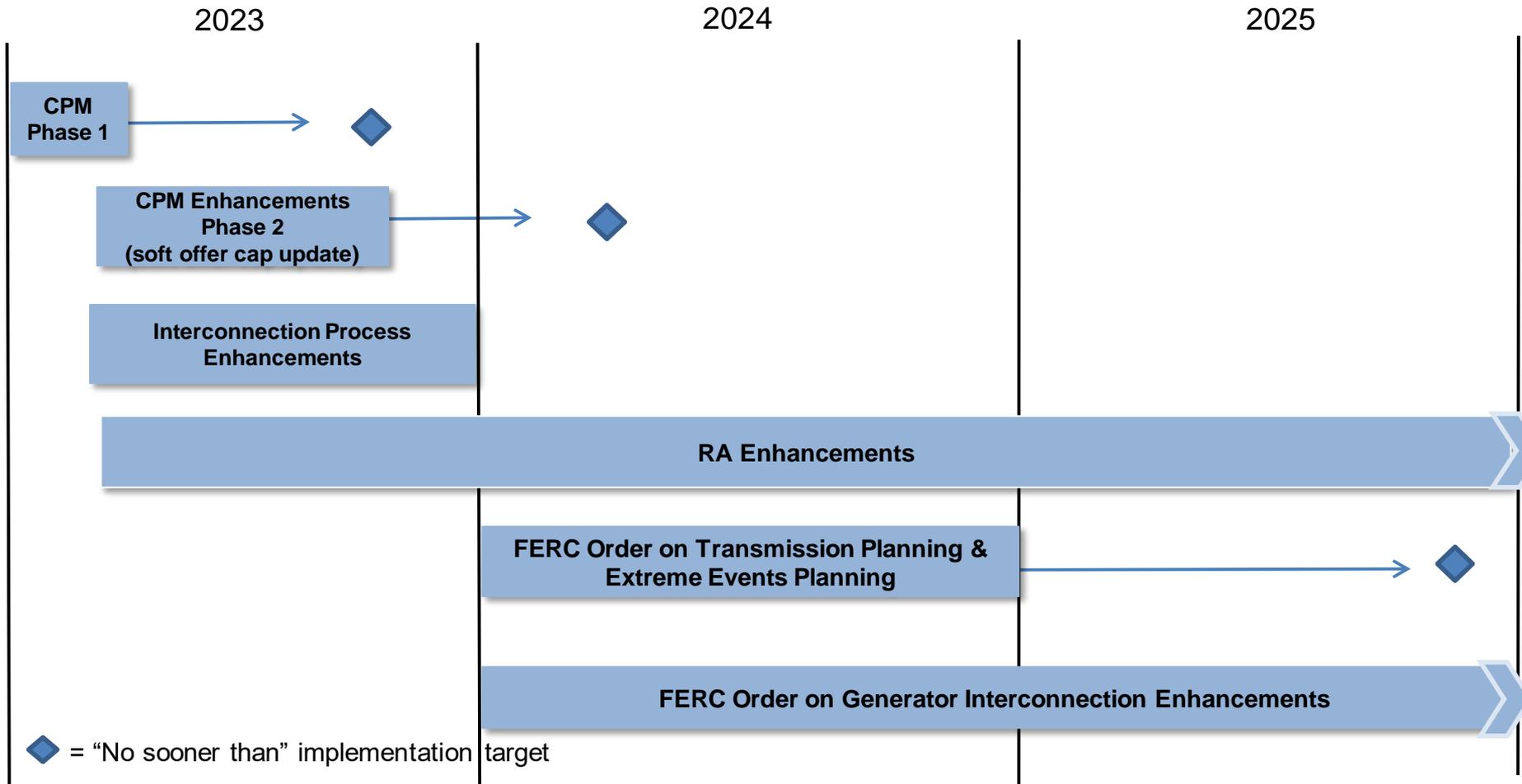


Strengthen RA and Meet California's SB100 Goals Through Long-Term Transmission Planning and Effective Coordination with State Agencies

- Resource Adequacy Enhancements initiative will begin upon development of a holistic assessment of CPUC policies and CAISO needs
- Changes to the Capacity Procurement Mechanism soft offer cap required by Tariff
- Initiatives are anticipated in 2024 to respond to FERC orders on transmission planning and extreme events, and generator interconnection enhancements

Critical Strategic and Tactical Objectives: 2

Strengthen Resource Adequacy and Meet California's SB100 Goals Through Long-Term Transmission Planning and Effective Coordination with State Agencies

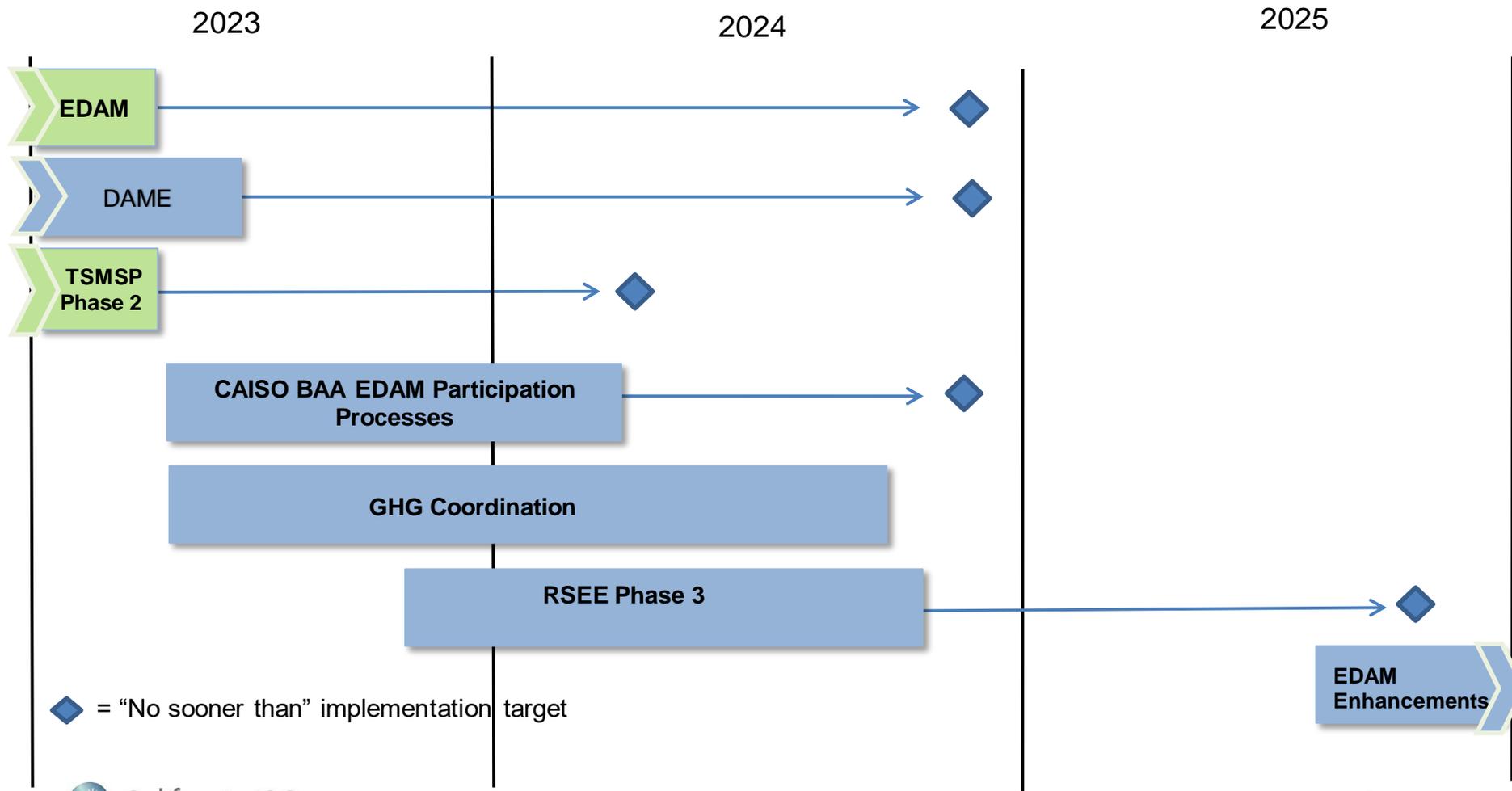


Build on the Foundation of the Western Energy Imbalance Market to Further Expand Western Market Opportunities

- Initiatives focus on expanding the Day Ahead market and making enhancements to the WEIM are included under this goal
- EDAM, and TSMSP have been approved by the Board and Governing Body but are included here to reflect the significant implementation effort of those changes
- Anticipated initiatives to develop enhancements to EDAM and the EDAM RSE, to establish processes for CAISO BAA participation in EDAM, and to address coordination across GHG areas are included

Critical Strategic and Tactical Objectives: 3

Build on the Foundation of the Western Energy Imbalance Market to Further Expand Western Market Opportunities



◆ = "No sooner than" implementation target

Other Initiatives Ongoing and Upcoming

- DER/DSO Action Plan
- Changes to Subscriber PTO Participation Rules
- Enable Western to Sell Transmission Rights
- Market Parameter Change Enhancements
- Rules of Conduct Changes to Address Metering Penalty Issues
- Minimum State of Charge Extension
- Hybrid Resource Enhancements
- Generator Connectivity Challenges/Enhancements

Next Steps

Date	Milestone
February 8	Regional Issues Forum
February 16	Publish Draft Roadmap and Catalog
February 21	Stakeholder Meeting
February 28	Comments Due
March 21	CAISO Board and WEIM Governing Body Executive Session Briefing
March 29	Publish Draft Final Roadmap and Catalog
April 15	Supplemental written comments deadline
May 17	CAISO Board & WEIM Governing Body Public Session Briefing