



California ISO

# Commitment Cost and Default Energy Bid Enhancements

Stakeholder Conference Call

May 20, 2020

# New online stakeholder commenting tool coming this Spring

- Ability to view all comments with a single click.
- Ability to filter comments by question or by entity.
- Login, add your comments directly into the template and submit.
  - You can save and return to your entry anytime during the open comment period.

## **NOTE**

**Submitting comments in the new tool will require a one-time registration.**

## Summary of prior filing:

- No changes to how default commitment costs and default energy bids (*i.e.*, reference levels) are calculated
  - Retain 125% multiplier in default commitment costs and 110% multiplier to default energy bid costs
- Allow suppliers to request adjustments to reference levels
  - Multipliers included in reference level change requests
- Allow use of Monday-only index and updates to real-time market reference levels based on current gas prices
- Permanently implement interim Aliso Canyon measures

# FERC January 21, 2020 Order

- FERC rejected including the 125% multiplier in default commitment costs in the context of reference level adjustments
- FERC did not rule out the remainder of the CCDEBE proposal
- Accepted use of Monday-only index, real-time updates and permanently implement interim Aliso Canyon measures

# CAISO plans to resubmit CCDEBE tariff language with changes consistent with FERC's direction

- No changes to how default commitment costs and default energy bids are calculated
  - Retain 125% multiplier in commitment costs and 110% multiplier to default energy bid costs
- Allow suppliers to request adjustments to reference levels
  - Do not allow use of commitment cost or default energy bid multipliers in reference level change requests

## 125% multiplier in the calculation of default commitment costs is still appropriate

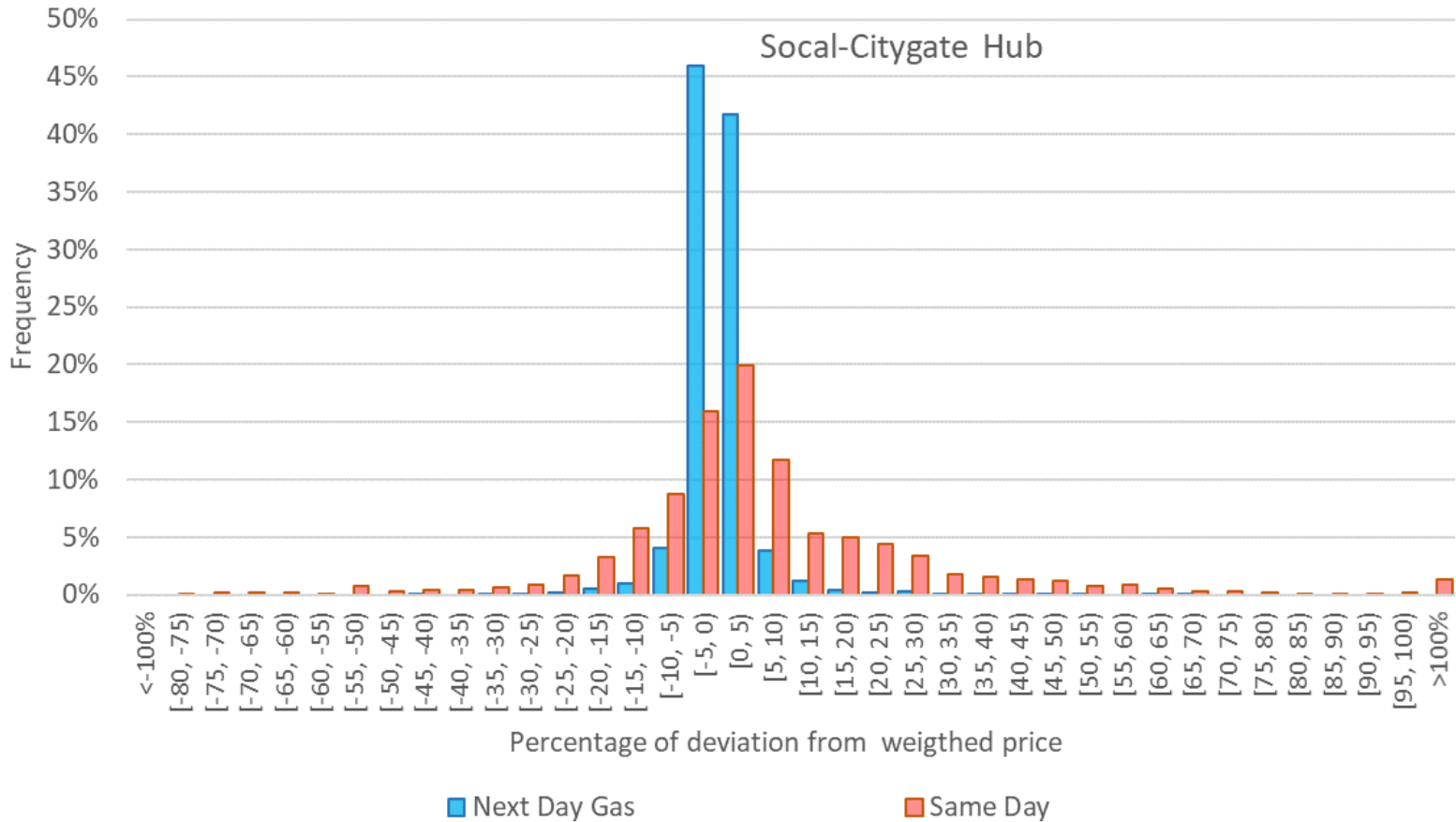
- Captures:
  - Differences between weighted average price used to calculate the default commitment cost bid caps and price of an individual transaction (especially true for EIM areas)
  - Resource operational constraints that the market does not fully model
  - Incidental and hard to define costs that formulaic calculations may not capture
- Retaining the multiplier reduces the quantity of reference level adjustments, which reduces the administrative burden

## Example of how default commitment costs are calculated (before reference level change requests)

- Do not propose changes to default commitment cost calculations
  - For example, current default minimum load cost calculation:

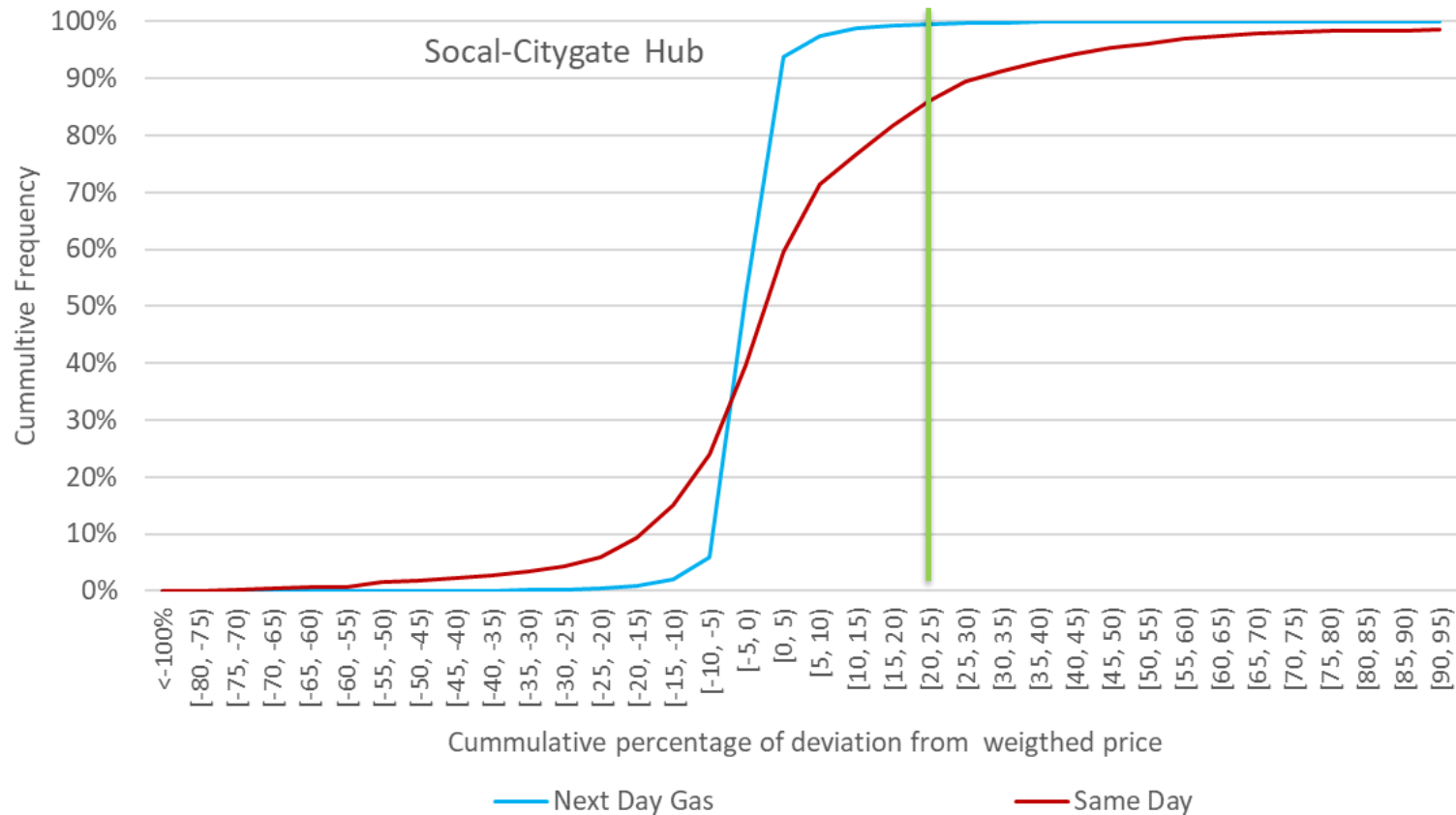
Default minimum load cost = 125% \* [(Gas Price \* Pmin \* HR) + Non-Fuel Costs] + Opportunity Cost Adder

# SoCal-City Gate Hub Prices deviation from weighted average price

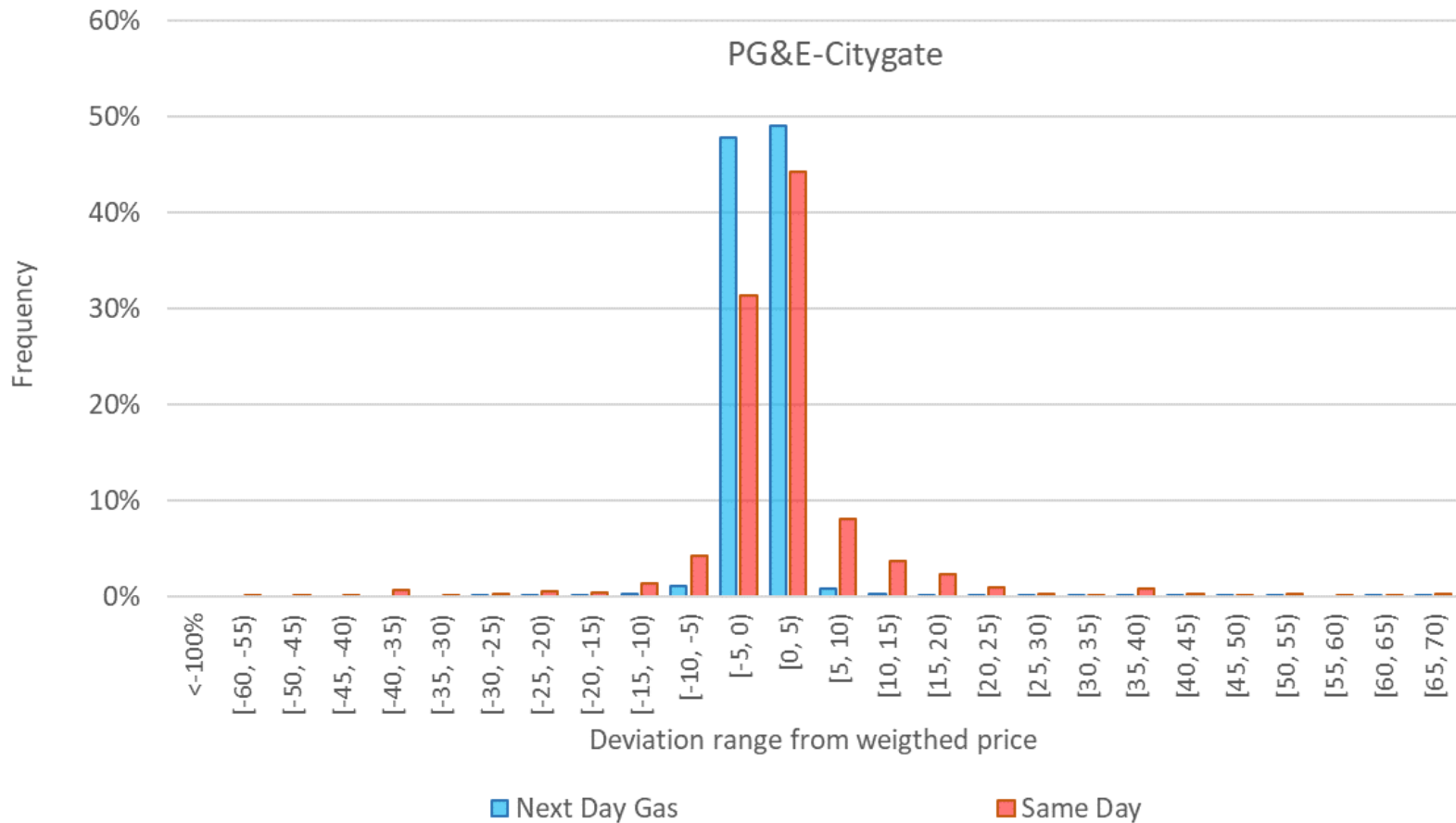




# SoCal-City Gate Hub Prices deviation from weighted average price



# PG&E Gate Hub Prices deviation from weighted average price



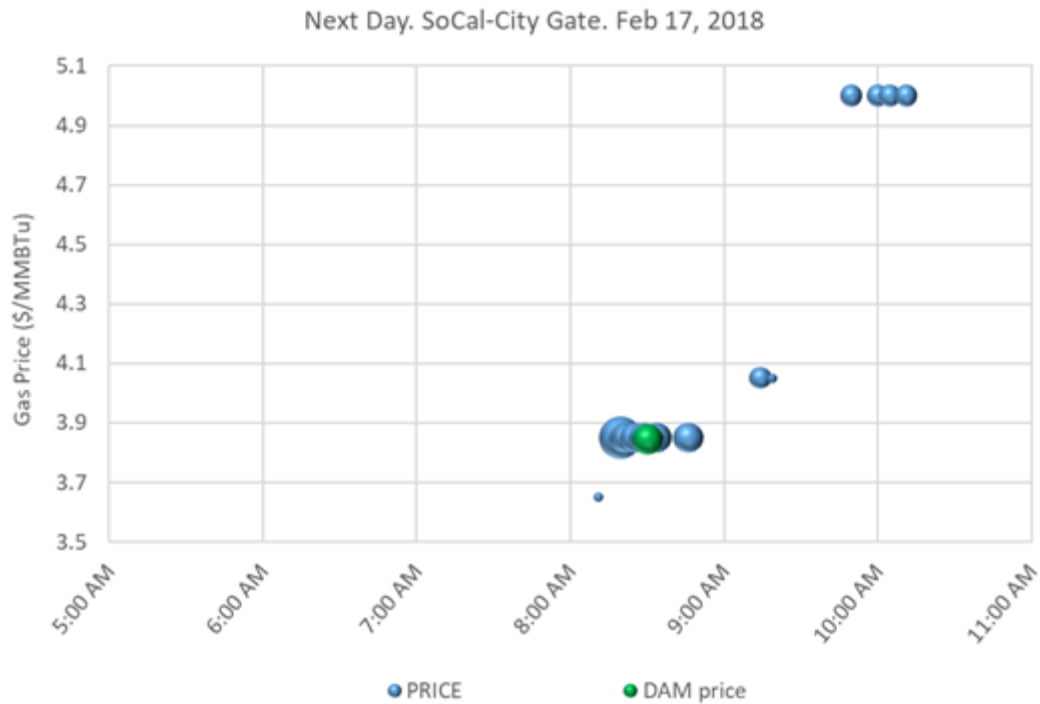
# Reference level change requests – for both default commitment costs bids and default energy bids – multipliers unnecessary

- Exclusion of multipliers in reference level adjustments appropriate given the infrequency prices are likely to change throughout the day
- After-the-fact cost recovery process available for any costs not covered

## Example of revised default minimum load cost bid calculation submitted in automated reference level change request

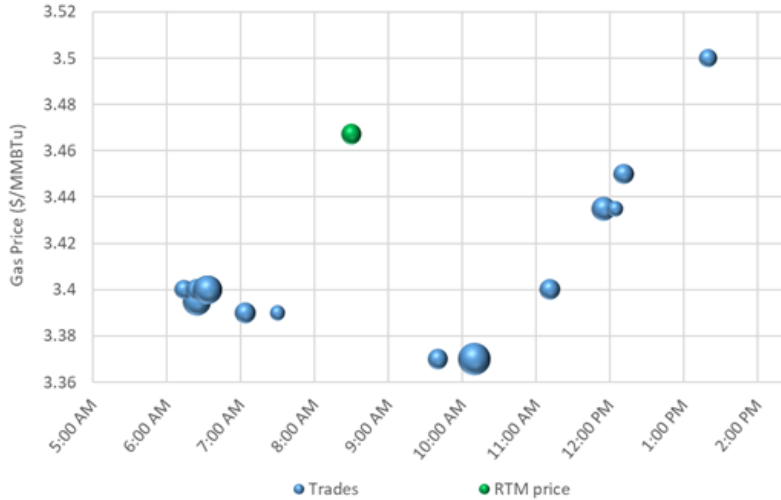
- Suppliers must calculate the requested default commitment cost bid using their verifiable expected or actual fuel costs
  - The calculation should not include the 125% multiplier
  - *For example*, revised default minimum load cost bid =  
(Resource-Specific Gas Price \* Pmin \* HR) + Non-Fuel costs + Opportunity Cost Adder
- For manual requests, suppliers will only submit their actual or expected fuel cost and the ISO will calculate the revised reference level bid

# Next day price variations – SoCal- Citygate

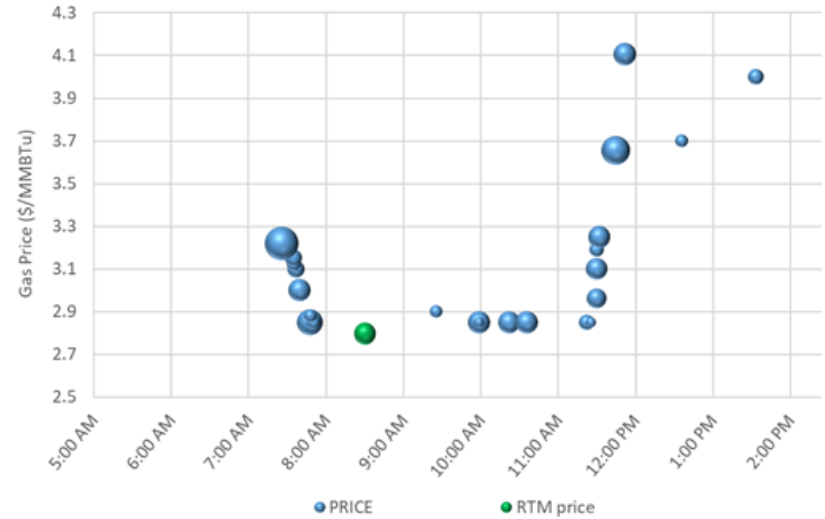


# Same day variations – SoCal City Gate

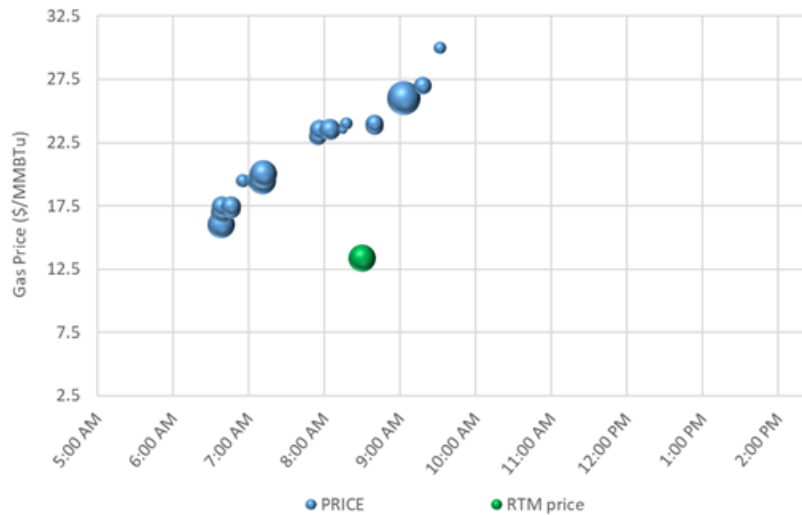
Same Day. SoCal-City Gate. Jan 6, 2017



Same Day. SoCal-City Gate. Oct 30, 2017



Same Day. SoCal-City Gate. Aug 3, 2018



Same Day. SoCal-City Gate. Apr 26, 2019

