



# Day-Ahead Market Enhancements

Stakeholder Workshop  
3/08/2023

# Reminders

- This call is being recorded for informational and convenience purposes only. Any related transcriptions should not be reprinted without ISO permission.
- If you need technical assistance during the meeting, please send a chat to the event producer.

# Questions

- In-person attendees:
  - Please raise your hand. To ensure the virtual participants hear your question, please use a microphone.
  - Please state your name and organization when asking your question.
- Virtual attendees:
  - Please raise your hand using the “raise hand” feature in Zoom, or submit your question through the chat.
  - Please state your name and organization when asking your question.

# Agenda – March 8:

| Time          | Topic                     | Presenter        |
|---------------|---------------------------|------------------|
| 9:00 – 9:10   | Welcome and introductions | Isabella Nicosia |
| 9:10 – 10:30  | CAISO Presentation        | James Friedrich  |
| 10:30 – 11:55 | WPTF Presentation         | Carrie Bentley   |
| 11:55 - 12:00 | Wrap-up and next steps    | Isabella Nicosia |

# Day 3 Plan

- More on FRP
- Extension of yesterday's conversation
- Design proposal to address CRR impacts

# Implementation of nodal FRP and its impact on implementation of imbalance reserve

- Constraints gradually being included in FRP deployment scenarios with phased approach
- Ongoing discussions and analysis will inform ultimate set of constraints enforced in FRP deployment scenarios that will guide imbalance reserve implementation
- Experience implementing nodal FRP will require fewer implementation challenges for nodal imbalance reserves
  - Leverage understanding of impact to market/system/applications
  - Leverage new uncertainty requirement calculation and new application to host the calculation (BARC)

## Preview for when analysis on the performance of nodal FRP might be available

- Nodal FRP was implemented February 1; preliminary results are expected to be shared soon
- Ultimately will need to assess performance when final set of constraints are applied and ideally stress-tested under summer conditions

# Why FRP was implemented when it was

- Delay of FRP was mostly related to the shift in priority of ISO and vendor resources to address critical summer 2021 readiness items
- Complexity did not contribute much to schedule delay
  - Added scope of work to provide more data transparency and development of new price correction tool
  - Market testing found some outlier scenarios that required fixes. In an effort to ensure market quality, project was delayed 2 months. Holidays were also considered.



# Complexity of options

- Zonal procurement may be more familiar and easier to understand than deployment scenarios; produce prices that have fewer components
- Zonal procurement will have lower optimization performance concerns

# Complexity of options

- Zonal procurement may be more complicated for grid operators to manage undeliverable reserves, enforcement of zones; potentially falling back on out-of-market actions
- Zonal procurement may not be less complicated to implement (data collection/storage/calculation of sub-BAA requirements, defining/managing zones, more granular cost allocations)
- Zonal procurement may not obviate the need for market power mitigation
  - Granularity of the zones introduce a tradeoff between deliverability and competitiveness
  - Competitiveness of CAISO AS zones may not be representative of other EDAM entities

# Impact to EDAM

- How would sub-BAA imbalance reserve requirements impact the EDAM RSE? Potential for failure?
- How do approaches differ in providing robustness of and confidence in EDAM transfers?

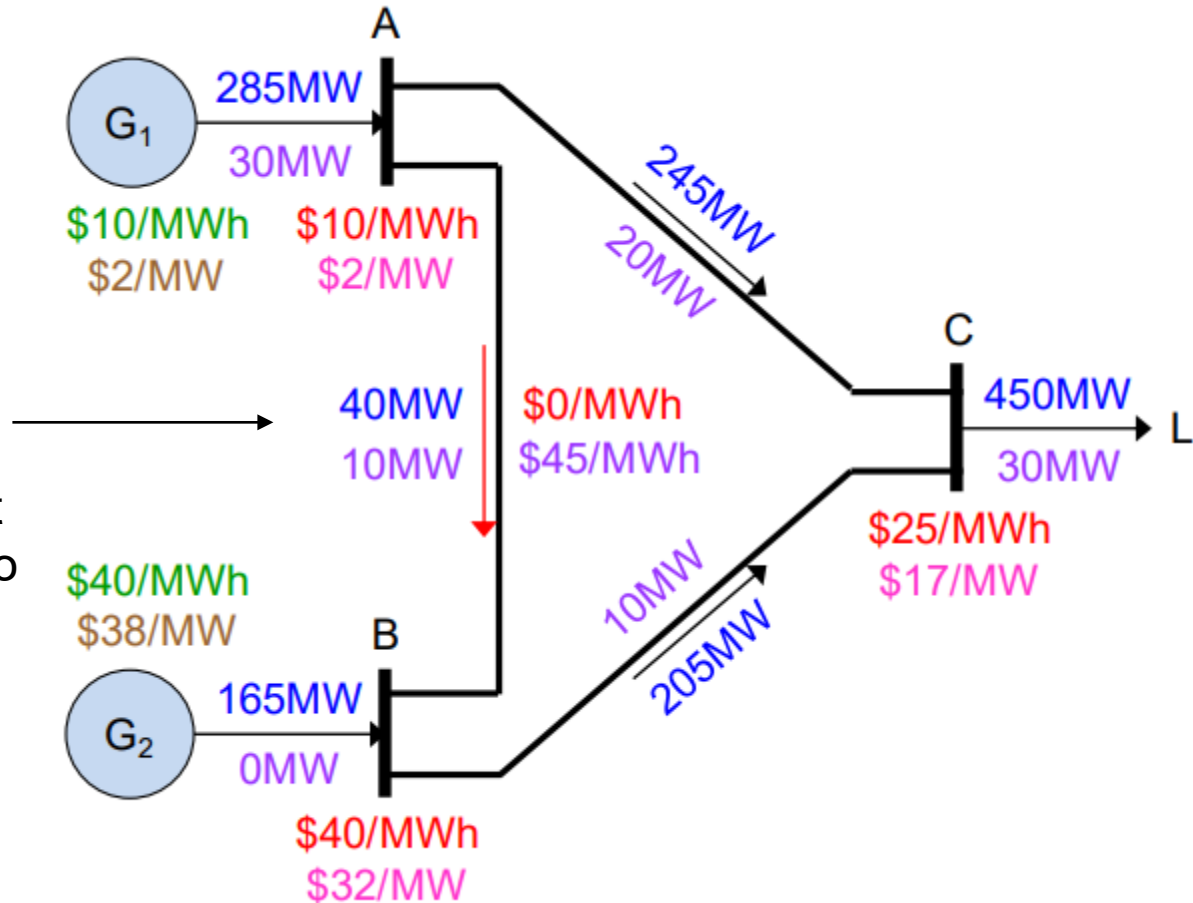
## Consistency with FRP

- It's unclear if a deviation settlement between zonal IRP and nodal FRP would continue to be appropriate

# Congestion revenue problem

- Final Proposal allocates IR costs based on payments to suppliers at their location; CAISO would thus not collect “congestion revenue” on the imbalance reserve flow
- CRR payments due to a binding constraint are adjusted so that they do not exceed the congestion revenue collected due to that constraint.
- There may be a shortfall in paying CRRs on constraints that bind in the deployment scenarios

Some congestion occurs within upward deployment scenario but congestion rent only collected to cover the base scenario



# Proposal to improve congestion revenue sufficiency from IR deployment scenarios

- **Objective: Collect congestion rents through an uplift via the imbalance reserve cost allocation AND expand financial right associated with CRRs**
- Identify congestion revenue shortfalls that are due to IRU/IRD deployment and cure these shortfalls by adding their cost to the IRU/IRD uplift cost for allocation.

# Upcoming meetings

- **DAME workshops:**
  - February 27, 2023 from 1 p.m. – 5 p.m. (virtual)
  - March 7, 2023 from 9 a.m. – 4 p.m. (hybrid)
  - March 8, 2023 from 9 a.m. – 12 p.m. (hybrid)
- **Market Surveillance Committee meeting:**
  - March 10, 2023 from 9 a.m. – 12 p.m. (virtual)



# Comments

- Please submit comments on the DAME workshop discussions by end of day March 24 using the template provided on the [initiative webpage](#).