



California ISO

Gas Resource Management


Working Group 5

October 23, 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.
- If you need technical assistance during the meeting, please send a chat to the event producer.

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 bottom of your screen.
- **Note:** #2 only works if you dialed into the meeting.
 - Please remember to state your name and affiliation before making your comment.
- You may also send your question via chat to either Isabella Nicosia or to all panelists.

Survey Results - Prioritization

Problem Statement	Weighting
Problem statement 2: Because the Electric Day-Ahead results are not published until 1pm during Gas Day 1, participants do not have sufficient information about their own dispatch schedules to make confident and risk-informed gas procurement decisions (7am day ahead) to support those market schedules.	9.5
Problem statement 1: Participants do not have enough certainty in the accuracy of 2 day ahead advisory awards and forecasts to confidently utilize this information as a procurement target for gas in the more liquid timely nomination cycle	8.75
Problem statement 3: During episodes of natural gas system constraints and volatility, especially when participants are issued OFOs, generators encounter difficulties in representing their costs within the Energy Market because bid caps may be too restrictive and there may be a higher likelihood of being mitigated down.	8.25
Problem statement 5: The current Default Commitment Costs and Default Energy Bids limit generators from reflecting actual gas costs.	7.25
Problem statement 6: The reasonableness thresholds used to assess automated reference level change requests are too low given the increasing volatility in today's gas market.	6.5
Problem statement 8: Energy markets do not reflect the appropriate gas day's cost that are used in Default Commitment Cost and Default Energy Bid formulation for HE1 through HE7 despite the fact that this cost information is available.	5.75
Problem statement 4: The reference level change request processes are too burdensome because the automated process can only be submitted for one resource at a time, and the 8am deadline to submit a change request through the manual process conflicts with other trading activities. These restrictions limit their intended usefulness for cost recovery.	5.25
Problem statement 11: Gas burn limitations are not reflected in the market for WEIM balancing areas, which may lead to inaccurate or infeasible unit commitment or dispatch instructions.	4.75
Problem statement 9: Generators are unable to reflect accurate costs in the market due to a limitation on the number of gas hubs that can be reflected in the calculation of their reference levels.	4.25
Problem statement 10: Use-limited registration criteria does not explicitly recognize certain reliability-based limitations of gas resources in a balancing area and as a result, renders resources ineligible for the opportunity cost calculation.	3.75
Problem statement 7: Heat rates used for reference level calculations do not account for greater heat rate variation from larger temperature ranges in diverse western climates.	3.25

Confirming Issues & Supporting Data Needs

- Identify details or clarifications to improve the problem/issue captured
- Any information/data needed to help further define the problem?
- Any questions for the ISO SMEs pertaining to background or context to further educate the community on the issue?
- Identify measurable outcomes/impacts/analysis
- Provide clarity on existing functionality and illustrate where it comes up short

Challenges expressed to date cont...

9. (Resource limitations) Use-limited registration criteria does not explicitly recognize unique reliability-based limitations of gas resources in a balancing area and as a result, renders resources ineligible for the opportunity cost calculation.

– Context

- Current rules have explicit categories of acceptable limitation criteria to establish use-limited status. During discussion, a stakeholder suggested that the limitation criteria should explicitly consider a reliability based limitation for when a gas resource provides ancillary services in their balancing area

Potential Solution: Allow for BAA's to account for other types of use limitations in the opportunity cost calculation.

Challenges expressed to date cont...

10. (Gas system limitations) Gas burn limitations issued by gas companies are not reflected in the market for WEIM balancing areas, which may lead to inaccurate or infeasible unit commitment or dispatch instructions

– Context

- By reflecting a fuel burn limitation in the market, it would ensure feasible awards, hence increasing reliability of both the gas and energy systems, and relieve entities of financial exposure
- How is this managed today?

Potential Solution: Utilize the gas company burn limitations in market optimization

Next steps for the ISO in support of assessment

The ISO plans to take the following steps to assist the group with prioritization:

- Categorize impacts in terms of policy, technology, and legal
 - Provide an initial assessment of hurdles or low-hanging fruit
- Provide context from previous initiatives or FERC decisions
- Recommend existing opportunities for problem resolution
- Fulfill or provide feedback on stakeholder data requests

Logistics

- Information will be published as it's available
- Public comments and midpoint surveys will offer rolling opportunities for feedback

Next Steps

October 23 - Working Group

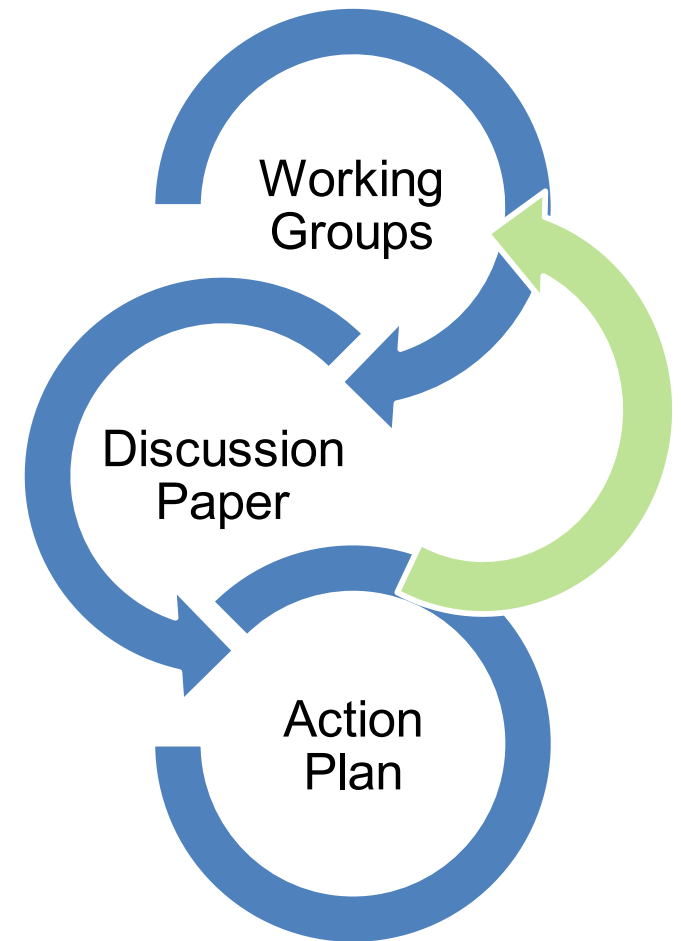
- Identify action times for each problem statement
- Quick review of survey results

November - Action Plan

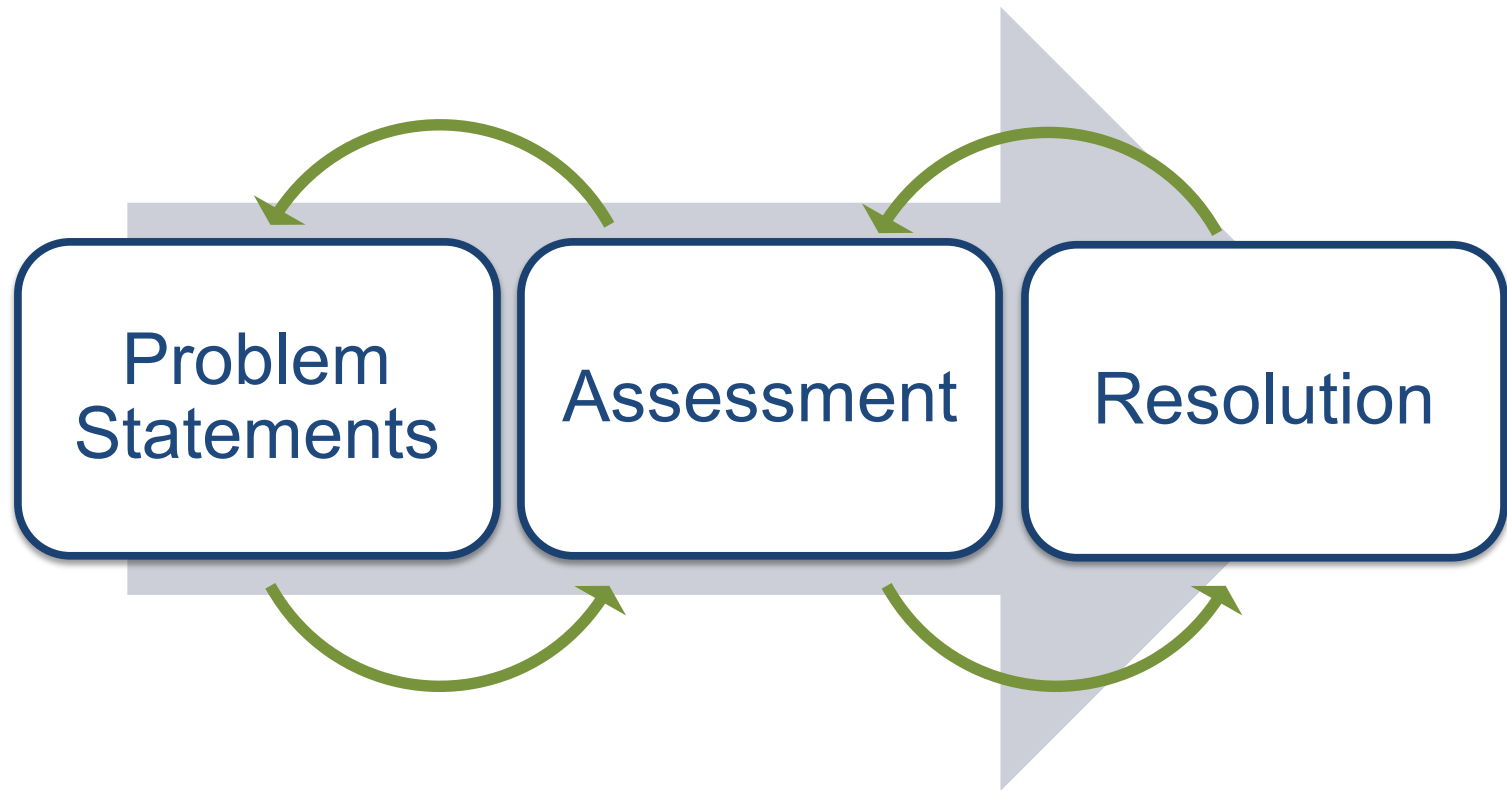
- Updates based on data, policy action items

TBD – Survey and Meeting

- Discuss data/analysis results
- Evaluate possible solutions for prioritized problems



In case you missed it...



Working Group Materials

- All materials related to the Gas Resource Management working group are available on the ISO website at <https://stakeholdercenter.caiso.com/StakeholderInitiatives/Gas-resource-management-working-group>