



California ISO

Penalty Enhancements: Demand Response, Investigation, and Tolling (PEDRIT) Draft Final Proposal

Stakeholder Meeting
July 25, 2024

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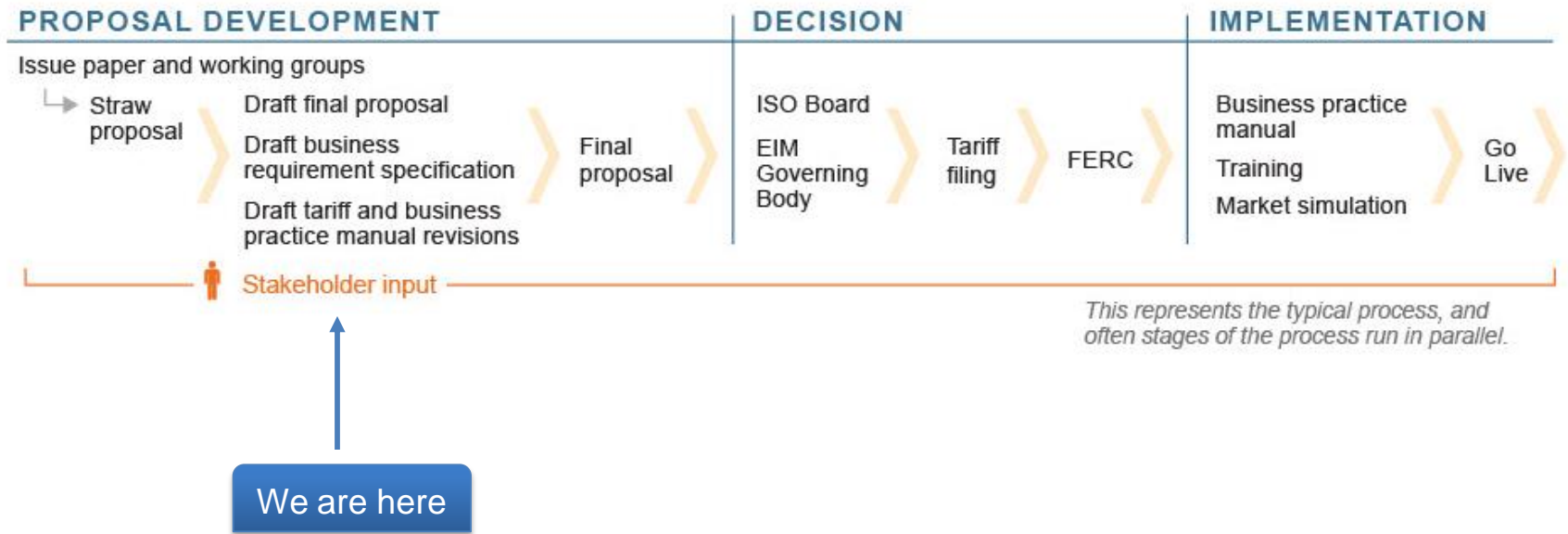
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- Please remember to state your name and affiliation before making your comment.
- You may also send your question via chat to either **Christina Guimera** or to all panelists.

Today's Agenda

Time	Topic	Presenter
2:00 – 2:05	Welcome and today's agenda	Christina Guimera
2:05 – 2:15	Background on PEDRIT	Dinesh Das Gupta
2:15 – 3:00	Draft final proposal, Q&A	Dinesh Das Gupta
3:00 – 3:25	Open discussion: revised straw proposal and initiative	
3:25 – 3:30	Next steps	Christina Guimera

CAISO Policy Initiative Stakeholder Process



Background on PEDRIT Draft Final Proposal

Background on PEDRIT

- PEDRIT addresses deferred topics from the Rules of Conduct Enhancements initiative
- Rules of Conduct purpose:
 - fair notice and equal environment
 - redress market manipulation and anti-competitive behavior
 - foster confidence in markets
- Grounding principles: transparency, respect, feedback

Background on PEDRIT

Topic Summary:

- Rules of Conduct Enhancements (ROCE) was implemented April 1, 2024

PEDRIT	<ul style="list-style-type: none">• Define submission requirements and penalty structure for demand response monitoring data• Streamline Rules of Conduct investigative process• Update penalty tolling process• Establish inaccurate meter data penalty materiality threshold• New topic: Remove ISO reporting requirement for federal entity Rules of Conduct violations
ROCE	<ul style="list-style-type: none">• Enhance meter data penalties• Eliminate annual penalty distribution filing• Clarify eligibility for penalty distribution• Clarify application of market adjustment provision in context of WEM entities

Background on PEDRIT

PEDRIT Timeline: Two straw proposal iterations*

Milestone	Time
Workshop	June 7, 2023
Straw proposal posted	March 28, 2024
Revised straw proposal posted	May 16, 2024
Draft final proposal posted	July 18, 2024
Stakeholder meeting on DFP	July 25, 2024
Draft final proposal comments due	August 8, 2024
Joint Board/Governing Body Meeting	September 26, 2024

**All dates are tentative until confirmed through a notice in the ISO's Daily Briefing.*

Topics

PEDRIT proposes defining the penalty structure for demand response (DR) monitoring data

- **Proposal:** DR monitoring data must be submitted by T+52B or will be considered late. Late DR monitoring data will be penalized flat \$1000 per trading day. Data missing past T+214B will be penalized an additional flat \$3000 per trading day. Penalties apply for not submitting minimum 45 days of historical data (and additional data per specific methodology)
 - Penalty applied per SCID, not by resource ID
 - Same penalty for one or multiple data files in violation
- **New:** Pre-deadline courtesy notice for missing DR baseline monitoring data
 - ISO emails courtesy notices at T+44B until automated self-serve courtesy solution is completed by 2026

PEDRIT proposes streamlining the Rules of Conduct investigative process: reduce administrative burden

- **Proposal:** The ISO employs a two-letter process:
 - Notice: opportunity to present information or flag issues of fact (30 days)
 - Findings (including penalty description): potential to appeal to FERC
- **New:**
 - Providing additional clarity on RoC contestations:
 - Fewer, higher relevance contestations reduces administrative burden for both MPs and the ISO
 - Single CIDI ticket for SC for investigation documentation

PEDRIT proposes updating the penalty tolling process

- **Proposal:** SC/MP has 30 days after Results of Review to provide the ISO with a FERC docket number outlining their appeal. If no appeal, the ISO includes penalty on settlement statement.
- No change from revised straw proposal

PEDRIT proposes establishing an inaccurate meter data penalty materiality threshold:

- **Proposal:** Inaccuracies of less than 3% or 3MWh of the day's actual value will not be considered a tariff violation
 - No Rules of Conduct investigation or penalties
 - No effect on disposition of proceeds standing
 - Market adjustment continues to apply, if applicable
- The ISO continues to expect market participants to report meter data in good faith.
 - Failure to exercise due diligence in submitting accurate meter data may violate FERC's market behavior rules
- **New:** Additional clarifications in draft final proposal

PEDRIT proposes eliminating the ISO reporting requirement for federal entity RoC violations:

- **Background:** The ISO does not have authority to impose Rules of Conduct (RoC) sanctions on federal entities. If a RoC violation occurs, Section 22.9b requires the ISO to submit a report to the Secretary of Energy
 - Federal entities receive notice via the investigative process
- **New Proposal:** Remove Section 22.9b from the tariff
 - Reduces administrative burden for the Department of Energy and the ISO

Questions

Open Discussion

Next Steps

Next steps

- Draft Final Proposal comments are due by end of day **August 8, 2024**.
- Upcoming milestones:
 - 08/08: due date for stakeholder comments on draft final proposal
 - 09/26: ISO Board of Governors and WEM Governing Body joint decision on PEDRIT

**All dates are tentative until confirmed through a notice in the ISO's Daily Briefing.*

For reference

- Visit initiative webpage for more information:
[https://stakeholdercenter.caiso.com/StakeholderInitiatives/
Penalty-enhancements-demand-response-investigation-
tolling](https://stakeholdercenter.caiso.com/StakeholderInitiatives/Penalty-enhancements-demand-response-investigation-tolling)
- If you have any questions, please contact
isostakeholderaffairs@caiso.com


ENERGY matters

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Energy Matters blog provides timely insights into ISO grid and market operations as well as other industry-related news.

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New Policy Initiatives Timeline

The California ISO has launched the Policy Initiatives Timeline to offer stakeholders a concise overview of ongoing policy initiatives. At a glance, it offers a snapshot view of key details such as the status of each initiative, projected timelines, and the current phase of the stakeholder engagement process. Updates to this timeline will be made weekly and posted on the [policy initiatives landing page](#). For more information, stakeholders are encouraged to reach out to ISOStakeholderAffairs@caiso.com.





REGISTRATION IS OPEN

2024 STAKEHOLDER SYMPOSIUM

Welcome reception - Oct. 29

at Kimpton Sawyer Hotel, Sacramento, CA

Symposium program - Oct. 30

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Visit the event website: www.reg.eventmobi.com/2024stakeholdersymposium

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Appendix

DR monitoring data penalty examples

Example 1:

- SC X submitted 10 DR resources' Base and TMNT data for trade date 3/5/2023 on T+55B, three days after T+52B deadline.
- Penalty Calculation:
 - \$1000 x trade dates late
 - \$1000 x 1 trade date = \$1000 penalty

DR monitoring data penalty examples

Example 2:

- SC Y fails to submit the minimum 45 days of CBL data for 2 of its 5 resources for a single trade date. SC Y is notified, but fails to respond with the remaining resource data by T+214B.
- Penalty Calculation:
 - \$1000 x trade dates late + \$3000 x trade dates missing
 - \$1000 x 1 + \$3000 x 1 = \$4000 penalty

DR monitoring data penalty examples

Example 3:

- SC Z submits 30 days of historical load data for a single trade date, failing to submit the minimum 45 days of CBL data for 2 of its 5 resources by T+52B. After notification from the ISO on T+53B, SC Z submits the remaining 15 days of historical load data on T+65B.
- Penalty Calculation:
 - \$1000 x trade dates late
 - \$1000 x 1 = \$1000 penalty

Inaccurate Meter Data Penalty Materiality Threshold Examples

Example 1:

- Generator A submittal by T+52B: 15 MWh for the day
- Generator A actual (resubmittal): 10 MWh for the day
- Test:
 - 5 MWh change. $5\text{MWh} > 3\text{MWh}$ threshold ☒
 - $5\text{MWh}/10\text{MWh} = 50\%$. $50\% > 3\%$ threshold ☒
- Result: Subject to penalty

Inaccurate Meter Data Penalty Materiality Threshold Examples

Example 2:

- Load B submittal by T+52B: 9,900 MWh for the day
- Load B actual (resubmittal): 10,000 MWh for the day
- Test:
 - 100 MWh change. $100 \text{ MWh} > 3 \text{ MWh threshold}$ ☒
 - $100 \text{ MWh} / 10,000 \text{ MWh} = 1\%$. $1\% < 3\% \text{ threshold}$ ☑
- Result: No penalty, since percentage change is under the penalty materiality threshold

Inaccurate Meter Data Penalty Materiality Threshold Examples

Example 3:

- Generator C submittal by T+52B: 3 MWh for the day
- Generator C actual (resubmittal): 5 MWh for the day
- Test:
 - 2 MWh change. $2\text{MWh} < 3\text{MWh}$ threshold ☒
 - $2\text{ MWh} / 5\text{ MWh} = 40\%$. $40\% > 3\%$ threshold ☐
- Result: No penalty, since MWh change is under the penalty materiality threshold

Inaccurate Meter Data Penalty Materiality Threshold Examples

Example 4:

- Generator D submittal by T+52B: 51 MWh for the day
- Generator D actual (resubmittal): 50 MWh for the day
- Test:
 - 1 MWh change. $1\text{MWh} < 3\text{MWh}$ threshold ☒
 - $1\text{ MWh} / 50\text{ MWh} = 2\%$. $2\% < 3\%$ threshold ☒
- Result: No penalty, since MW change and percentage change are under the penalty materiality threshold

Flowchart: proposed investigation, penalty tolling, and sanction process

