




Penalty Enhancements: Demand Response, Investigation, and Tolling (PEDRIT) Revised Straw Proposal

Stakeholder Meeting
June 3, 2024

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 the participant panel of your screen.
 - **Phone-line:** press *3 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 Brenda Corona or to all panelists.

Today's Agenda

Time	Topic	Presenter
1:00 – 1:05	Welcome and today's agenda	Brenda Corona
1:05 – 1:15	Background on PEDRIT	Dinesh Das Gupta
1:15 – 2:00	Revised Straw Proposal, Q&A	Dinesh Das Gupta
2:00 – 2:25	Open discussion: revised straw proposal and initiative	
2:25 – 2:30	Next steps	Brenda Corona

ISO Policy Initiative Stakeholder Process



We are here

Background on PEDRIT Revised Straw 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
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 WEIM 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 24, 2024
Stakeholder meeting on revised SP	June 03, 2024
Revised straw proposal comments due	June 14, 2024
Draft final proposal posting	July 18, 2024
Joint 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
 - Penalty applied per SCID, not by resource ID
 - Same penalty for one or multiple data files in violation
- **New:** Penalties apply for not submitting minimum 45 days of historical data (instead of 90 days)
 - Additional data detailed per specific baseline methodology remains required facing above penalty structure

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

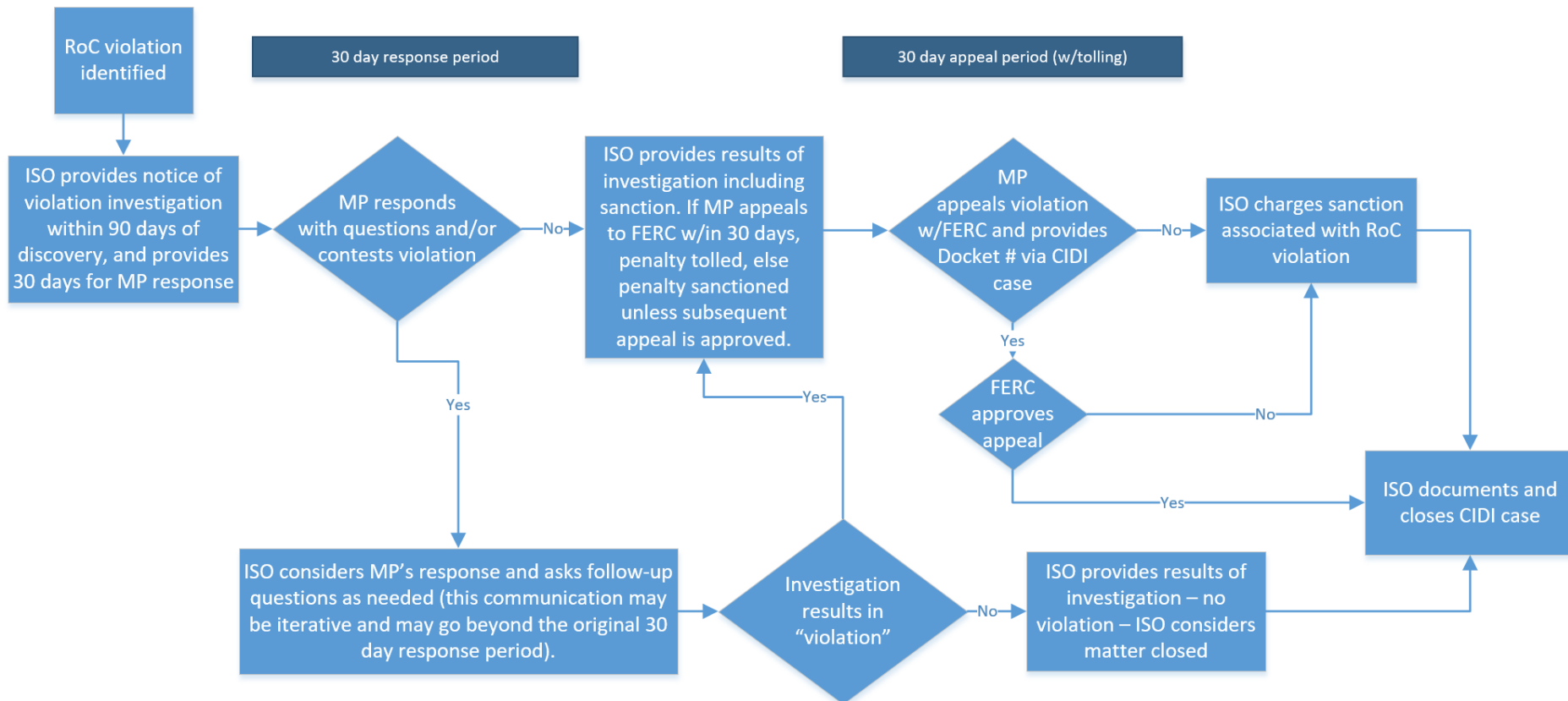
PEDRIT proposes streamlining the Rules of Conduct investigative process: reduce administrative burden

- **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:** ~~Defines SC as investigative point-of-contact to prepare integrating RoC investigations into CIDI~~

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 straw proposal

Flowchart: proposed investigation, penalty tolling, and sanction process



PEDRIT proposes establishing an inaccurate meter data penalty materiality threshold:

- **Proposal:** Inaccuracies of less than 3% or 3MW 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

Inaccurate Meter Data Penalty Materiality Threshold Examples

Example 1:

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

Inaccurate Meter Data Penalty Materiality Threshold Examples

Example 2:

- Load B submittal by T+52B: 9,900 MW for the day
- Load B actual (resubmittal): 10,000 MW for the day
- Test:
 - 100 MW change. $100 \text{ MW} > 3 \text{ MW}$ threshold ☒
 - $100 \text{ MW} / 10,000 \text{ MW} = 1\%$. $1\% < 3\%$ 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 MW for the day
- Generator C actual (resubmittal): 5 MW for the day
- Test:
 - 2 MW change. $2\text{MW} < 3\text{MW}$ threshold
 - $2\text{ MW} / 5\text{ MW} = 40\%$. $40\% > 3\%$ threshold
- Result: No penalty, since MW change is under the penalty materiality threshold

Inaccurate Meter Data Penalty Materiality Threshold Examples

Example 4:

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

Questions

Open Discussion

Next Steps

Next steps

- Revised Straw Proposal comments are due by end of day **June 14, 2024.**
- Upcoming milestones:
 - 06/14: due date for stakeholder comments on revised straw proposal
 - 07/18: ISO publishes draft final proposal
 - 07/25: stakeholder call to discuss draft final proposal

**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/Rules-of-conduct-enhancements>
- If you have any questions, please contact
isostakeholderaffairs@caiso.com



SAVE THE DATE

2024 STAKEHOLDER SYMPOSIUM

OCT. 30, 2024
SACRAMENTO, CA

The California ISO Stakeholder Symposium will be held on Oct. 30, 2024 at the Safe Credit Union Convention Center in Sacramento, California.

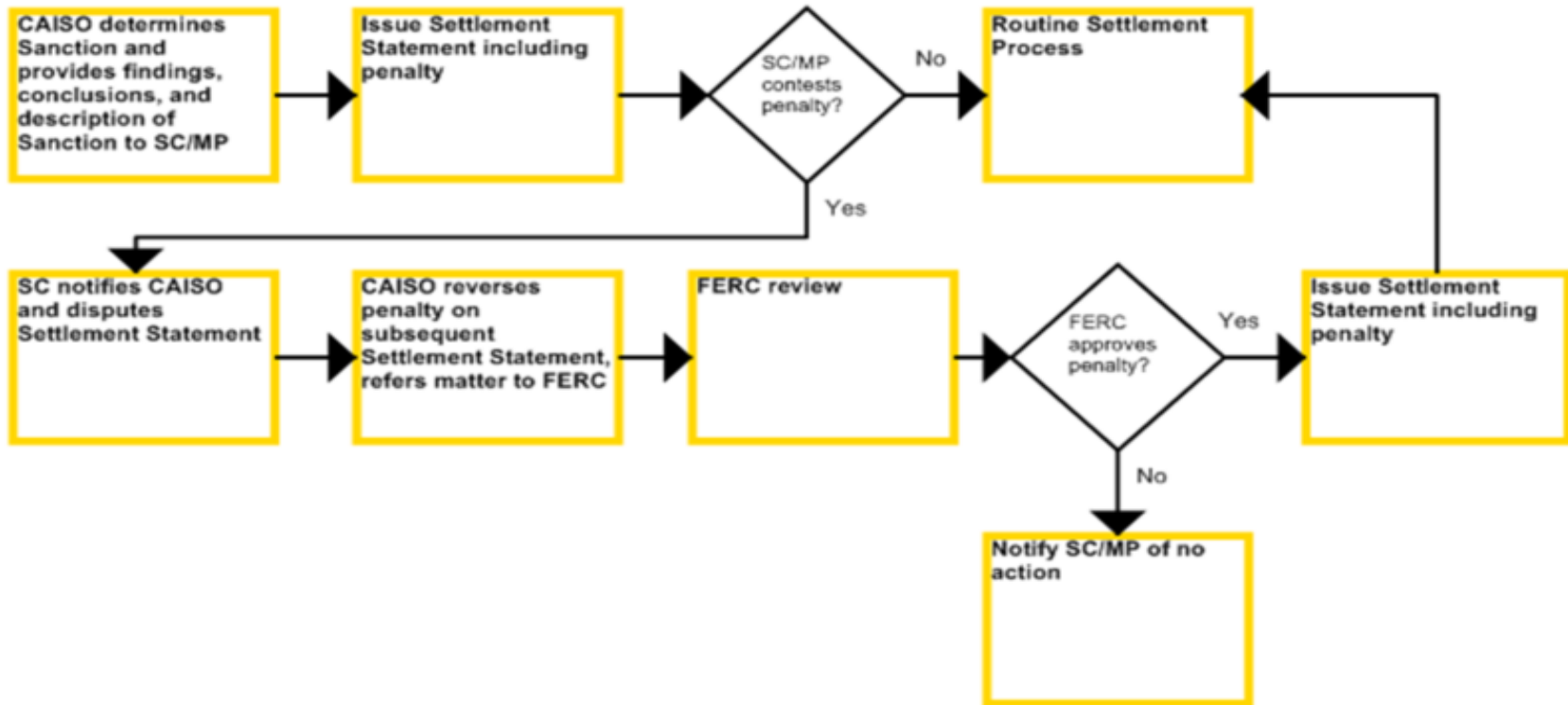
A welcome reception for all attendees will be held the evening of Oct. 29.

Additional information, including event registration and sponsorship opportunities, will be provided in a future notice and on the ISO's website.

Please contact Symposium Registration at symposiumreg@caiso.com with any questions.

Appendix

Flowchart: current penalty tolling and sanction process



Flowchart: proposed investigation, penalty tolling, and sanction process

