



California ISO

# Price Formation Enhancements

Working Group Session #3

08/17/2023

## Housekeeping reminders

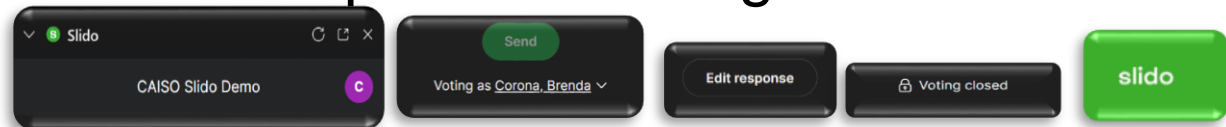
- This call is being recorded for informational and convenience purposes only. Any related transcriptions should not be reprinted without ISO's permission.
- These collaborative working groups are intended to stimulate open dialogue and engage different perspectives.
- Please keep comments professional and respectful.
- Note: The ISO encourages any verbal or written agreements to comments made during this working group session.
- You may also send your question via chat to either Brenda Corona or to all panelists.

## Instructions for WebEx



The “raise hand” icon is located in the lower tool bar. You will hear a beep tone when you are un-muted; at that time please state your name, and question. Attendees dialed in on the phone only press #2 will hear a notification when you are un-muted; at that time please state your name and question.

- WebEx platform will **LOCK** and mute you if you mute yourself once you have finished your question. Do not mute yourself until you have completed your question or comment.
- Polling App: *Slido* you can select the answer to the question.
- Virtual Attendees will see questions on right screen above the chat window.



- In-Person Attendees will use the passcode to login from a device to answer questions

# Today's Working Group Agenda

Time	Topic	Presenter
9:00 – 9:10	Welcome, Today's Agenda, Stakeholder Process Overview	Brenda Corona
9:10 – 9:20	Today's Goals / Working Group cadence	Juan Buitrago
9:20 – 10:45	BAA Level Market Power Mitigation: Feedback recap /What do you need (polling)	Juan Buitrago
10:45 – 10:55	Next Working Group Phase / What to expect until then	Juan Buitrago
10:55 – 11:00	Next steps	Brenda Corona

# ISO Policy Initiative Stakeholder Process



*This represents the typical process, and often stages of the process run in parallel.*

*Stakeholder meetings, working groups and workshops may occur throughout the stakeholder process.*

We are here

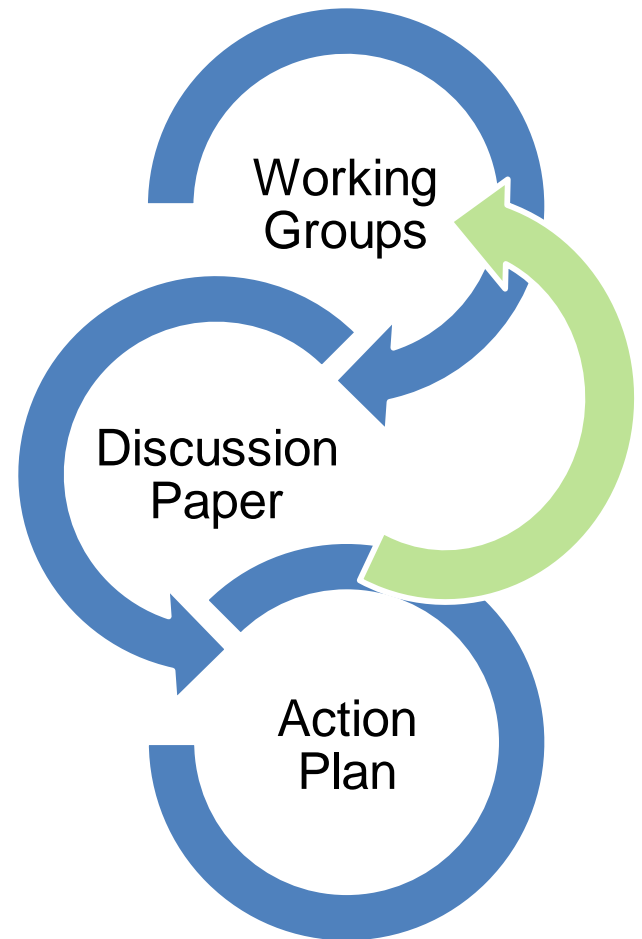
- Working groups will inform the Phase 1 straw proposal
- The ISO will take notes and produce reports of each of our working group meetings.

# Working Group Deliverables

**Action Plan:** A bridge between the working groups and a straw proposal, the Action Plan will inform the policy direction for Price Formation Enhancements Phase 2 stakeholder initiative.

**The action plan will recap all perspectives shared in the working group process and identify the policy direction/basis of the straw proposal**

You will have an opportunity to provide written comment on the Action Plan



# Goals of Today's Working Group Session

The Working Group structure is meant to embrace flexibility to allow organic and robust conversation on the topics at hand – it is still key for us to drive towards solutions collaboratively

- **Discuss the next steps of the PFE Working Group / desired cadence and modality**
- **Focus on Guiding Principles (GP) and Problem Statements (PS) specific the BAA-Level MPM**
  - Last Working Group, we stepped back, and contextualize principles against the broader market design framework considered the final two principles from the PFE Overview, and began great discussion around the challenges you see with Scarcity Pricing through the lens of these GP.
  - Today, we will do the same focusing on BAA-Level Market Power Mitigation
    - You are leading today's conversation again!

# PFE WORKING GROUP NEXT STEPS & CADENCE



# Next Steps for PFE Working Groups

- Transition from “brainstorm”, high level perspective sharing phase to focused discussion and presentations on the topic areas identified by this community
- Provide room for the following:
  - Stakeholder discussion to be reflected in Discussion Paper
  - ISO to provide material necessary to level set for cont'd conversations
  - Preparation of stakeholder presentations for community discussion

# Slido Polling Questions



In order to balance ISO staff and stakeholder bandwidth, the ISO would like to hear your feedback on the current cadence.

1. With the transition towards in-depth discussion of identified topic areas in mind, how long would you need for review of materials, development of presentations, etc. before regrouping?
  - Two weeks
  - Three weeks
  - Other (fill in the blank)
2. Once we return, how frequently should the PFE working group meet?
  - Continue with weekly cadence
  - Once every other week
  - Other (fill in the blank)
3. Do you prefer virtual or in-person working groups?
  - Virtual
  - In-person / hybrid
4. Should the ISO explore alternative mediums for information-sharing (ex. pre-recorded webinars, models, etc.)?
  - Yes
  - No
  - If yes, what medium and why? (short-answer)

# BAA-LEVEL MARKET POWER MITIGATION

# PFE working group principles in context

These principles reflect standard principles of market design, and should be kept in mind when moving through the working group process:

1. Efficiency
2. Simplicity
3. Transparency
4. Feasibility

## Overview Paper posed 3 questions to start this discussion

- Should BAA-Level market power mitigation be applied, as done in the WEIM today, to the EDAM?
- Does the CAISO's current methodology for applying BAA-level market power mitigation need enhancements?
- Should the CAISO BAA be included in BAA-level market power mitigation applied to the EDAM, WEIM, or both?

## Overview Paper – BAA-level MPM feedback

- **The step back approach applied to Scarcity Pricing should be applied to the BAA-Level MPM discussion**
- **Should only be pursued once evidence exists to prove it is necessary**
  - Risk of over mitigation reduces supply's willingness to transact in CAISO contributing to potential scarcity
  - Current market power mitigation measures are sufficient
- Unclear whether EDAM would significantly alter competitiveness of the day ahead market

## Overview Paper – BAA-level MPM feedback

- (Assuming need) Preferable to start with uniform implementation of BAA-Level MPM – CAISO BAA should be included
- Support of enhancing current methodology
- More comprehensive approach would be to group all BAAs and perform DCPA

# Request for Analysis and further Information – BAA Level MPM

- Illustrative examples of BAA-Level MPMs impact in the EDAM
- Analysis outlining frequency of non-competitive conditions or MPM in WEIM
- Alternatives explored before extension of existing frameworks
  - Cost and benefits associated with BAA-Level MPM



# BAA-LEVEL MPM POLLING

# 1. Efficiency– Problem Statements

slide

## Using our Guiding Principle to identify Problem Statements for PFE

- What are the problems/challenges you are current facing with the concept of BAA-Level MPM as it relates to the Guiding Principle “Efficiency”?

## 2. Simplicity – Problem Statements



### Using our Guiding Principle to identify Problem Statements for PFE

- What are the problems/challenges you are current facing with the concept of BAA-Level MPM as it relates to the Guiding Principle “Simplicity”?

### 3. Transparency – Problem Statements



## Using our Guiding Principle to identify Problem Statements for PFE

- What are the problems/challenges you are current facing with the concept of BAA-Level MPM as it relates to the Guiding Principle “Transparency”?

## 4. Feasibility – Problem Statements



### Using our Guiding Principle to identify Problem Statements for PFE

- What are the problems/challenges you are current facing with the concept of BAA-Level MPM as it relates to the Guiding Principle “Feasibility”?

## Additional Information desired



Is there information the ISO could provide that would assist you in having a more robust conversation in the next phase?

- Which areas need more background information?

# BAA-Level MPM Analysis

Request for analysis to show the need for BAA-Level MPM

1. Which slices of data would you need to feel informed to continue the discussion regarding the need for BAA-Level MPM?

# Next Steps for PFE Working Groups

- Transition from “brainstorm”, high level perspective phase to focused discussion and presentations on the topic areas identified by this community
- SH expressed interest in further discussing the following existing market mechanisms within the context of Scarcity/BAA-Level MPM
  - Resource Adequacy (RA)
    - Out of Market Action Impact to RT Prices
    - Interaction of RA and triggering scarcity conditions
    - Different RA programs throughout West
  - Ancillary Services
  - Flexible Ramping Product (current method and penalties)



## For reference

- Visit initiative webpage for more information:  
<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Price-formation-enhancements>
- If you have any questions, please contact Brenda Corona at [bcorona@caiso.com](mailto:bcorona@caiso.com) or [isostakeholderaffairs@caiso.com](mailto:isostakeholderaffairs@caiso.com)

# Next Steps – Tentative Schedule

August						
Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		



- Aug 3, 2023 – Working Group Session 1 – Hybrid
  - Summer Performance Market Report June 2023 call at 11am, and Energy Storage Enhancements Hybrid Workshop at 1pm
- Aug 10, 2023 – Working Group Session 2 – Hybrid
- Aug 17, 2023 – Working Group Session 3 – Hybrid
- Aug 23, 2023 – Working Group Session 4 – Virtual

September						
Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

- Sep 4, 2023 – Holiday – Office Closed
- Sep 7, 2023 – Working Group Session 6 – Virtual
- Sep 14, 2023 – Working Group Session 7 – Virtual
- Sep 28, 2023 – Working Group Session 9 – Hybrid
  - Market Performance and Planning Forum Q3 at 9am

October						
Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

- Oct 4, 2023 – Working Group Session 10 – Virtual
- Oct 11, 2023 – Working Group Session 11 – Virtual
- Oct 18, 2023 – Working Group Session 12 – Virtual
- Oct 26, 2023 – Working Group Session 13 – Hybrid

-  Hybrid Working Group
-  Virtual Working Group

# EXTENDED DAY-AHEAD MARKET FORUM

August 30, 2023 • 8:30 a.m. - 4:30 p.m.

Las Vegas Hilton at Resorts World

Free event



- Co-hosting the Extended Day-Ahead Market (EDAM) Forum on Aug. 30, 2023, at the [Las Vegas Hilton at Resorts World](#), in Las Vegas, Nevada.
- More information: [California ISO - Extended Day-Ahead Market Forum \(caiso.com\)](#)
- Register today!



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*Transmission*

### A big step forward on transmission infrastructure

By Deb Le Vine, Director, Infrastructure Contracts & Management

As anyone in the electricity business knows, planning, siting, permitting, financing and building transmission infrastructure is a complex, time-consuming and difficult process. Congress, the Federal Energy Regulatory Commission (FERC), state legislators and bulk electric system operators like the California ISO and others around the country ...

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# Next PFE Working Group: to be noticed soon

