



Price Formation Enhancements

Fast-Start Pricing


Policy Development Working Group: MISO Review on Extended Locational Marginal Pricing

December 19, 2024

Reminders

- This call is being recorded for informational and convenience purposes only. Any related transcriptions should not be reprinted without ISO's permission.
- The meeting is structured to stimulate dialogue and engage different perspectives.
- Please keep comments professional and respectful.
- Please try to be brief and refrain from repeating what has already been said so that we can manage this time efficiently.

Instructions for raising your hand to ask a question

- Open the Participant and Chat panels from the bottom right.
- 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:** *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 either **Brenda Marquez** or to all panelists.
- If you need technical assistance during the meeting, please send a chat to the event producer.

CAISO Policy Initiative Stakeholder Process



We are here

Meeting Objectives

- By the end of this working group meeting, participants will discuss:
- How to amortize fixed commitment costs across different time periods
 - Implications of implementing fast-start pricing in the day-ahead market
 - How different ISOs/RTOs have approached these implementation decisions
 - The guidance from FERC's NOPR on these implementation decisions

Timeline of Fast-Start Pricing Working Group Discussions

Date	Topic
November 14, 2024	Explore initial design concepts; defining a fast-start resource and review modified offer curve method to amortize commitment costs into market prices
December 5, 2024	Explore initial design concepts (continued); how long to amortize costs and whether to apply fast-start pricing in the day-ahead market.
December 19, 2024	CONFIRMED: MISO and MISO IMM perspectives on fast-start pricing, featuring: Shu Xu, Principal Engineer, Market Evaluation, MISO Carrie Milton, VP, Potomac Economics (MISO IMM)
January 16, 2025	CONFIRMED: PJM and PJM IMM perspectives on fast-start pricing, featuring: Vijay Shah and Keyur Patel, PJM Catherine Tyler, Deputy Market Monitor, Monitoring Analytics (PJM IMM)
January 30, 2025	Discuss interactions with flexible ramping product
February 13, 2025	Discuss interactions with multi-interval optimization and impacts to storage resources
February 27, 2025	Discuss interactions with DAM / HASP / FMM, including interactions with EDAM / WEIM transfers and WEIM base scheduling practices
March 13, 2025	Discuss interactions with GHG constraints and design
March 27, 2025	Discuss interactions between scarcity pricing and fast-start pricing
April 3, 2025	Discuss needed changes to scheduling run / pricing run and interactions with pricing run penalty prices

Agenda

Topic	Presenter	Time
Welcome and Introductions	Brenda Marquez	10 minutes
Review of Previous Working Group	James Friedrich	30 minutes
MISO and MISO IMM perspectives on fast-start pricing	Shu Xu, Principal Engineer, Market Evaluation, MISO Carrie Milton, VP, Potomac Economics (MISO IMM)	80 minutes
Open Discussion and Q&A	All	60 minutes

Fast-Start Pricing

REVIEW OF PREVIOUS WORKING GROUP MEETING

Meeting summary

- The working group discussed three different methods for incorporating commitment costs into LMPs for fast-start resources:
 - simple constant adder approach
 - adjusted constant adder approach
 - minimum average cost approach.
- We discussed each method's calculations, advantages, disadvantages, and stakeholder opinions, focusing on how each approach incorporates start-up and minimum load costs into market prices.

Next Steps

Next Steps

- Visit the Price Formation Enhancements - Working Group Phase 2 - Schedule 2024 -2025: <https://stakeholdercenter.caiso.com/InitiativeDocuments/Price-Formation-Enhancements-Working-Group-Phase-2-Schedule-2024-2025.pdf>
- Visit initiative webpage for more information:
- <https://stakeholdercenter.caiso.com/StakeholderInitiatives/Price-formation-enhancements>
- If you have any questions, please contact isostakeholderaffairs@caiso.com



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