




Rules of Conduct Enhancements (ROCE)

Stakeholder Workshop
June 7th, 2023

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 Brenda Corona or to all panelists.

Today's Agenda

Time	Topic	Presenter	Organization
9:00 – 9:05	Welcome and today's agenda	Brenda Corona	CAISO
9:05 – 9:15	Introductory remarks	Milos Bosanac	CAISO
9:15 – 9:35	Initiative background and timeline	Dinesh Das Gupta	CAISO
9:35 – 10:25	Initial ROC topics and potential changes	David Zlotlow	CAISO
10:25 – 10:30	<i>Break</i>		
10:30 – 11:00	Stakeholder Discussion: Initiative Scope	Discussion Facilitator: Dinesh Das Gupta	Multiple
11:00 – 11:25	Stakeholder Discussion: Topic Track Categorization	Discussion Facilitator: Dinesh Das Gupta	Multiple
11:25 – 11:30	Next steps	Brenda Corona	CAISO

Introductory Remarks

ISO Policy Initiative Stakeholder Process



We are here

Introductory Remarks

Purpose of Rules of Conduct Enhancements (ROCE)

- The ISO has been encouraged by FERC to review its Rules of Conduct, including meter data penalties
- Design penalties more proportionate to impact, while deterring non-compliance
- Market regionalization + WEIM: changes to the rule-book and/or provide additional upstream guidance
- Avoid additional tariff waiver filings related to disproportionate penalties

Initiative Background and Timeline

Background on ROCE

Rules of Conduct Fundamentals

- Provide market rules and penalties for non-compliance
- Purpose: fair notice, fair and equal environment, redress market manipulation/anti-competitive behavior, foster confidence in CAISO markets (Section 37, CAISO Tariff)
- Created in 2004 to prevent market manipulation post-California Energy Crisis
- In 2011, meter data penalties changed in response to stakeholder feedback

Background on ROCE

Initiative:

- Scope: Currently 9 topics, including meter data penalties
- Track 1 + Track 2 minimum
 - Track 1: Streamlined stakeholder process, target implementation by December 2023
 - Track 2: Deeper stakeholder engagement, wider scope
 - Tentative late-July launch, pending stakeholder input
 - Trade-off between speed and discussion
- Grounding Principles: transparency, respect, feedback

Background on ROCE

Track 1 Timeline

Milestone	Time
Stakeholder workshop: scope and tracks	June 7, 2023 (9-12pm)
Stakeholder comments due	June 15, 2023
Straw proposal posted	July 5, 2023
Stakeholder meeting on straw proposal	July 13, 2023 (9-12pm)
Stakeholder comments due	July 19, 2023
Draft final proposal posted	August 1, 2023
Stakeholder call on draft final proposal	August 8, 2023 (1-4pm)
Joint ISO board of governors & WEIM governing body meeting	September 20, 2023
Implementation	By Dec. 2023

Questions

Initial Rules of Conduct Topics and Potential Changes

Initial ROC Topics and Potential Changes

Meter Data Penalties: Section 37.11.1

- **Current rule:** Both late and inaccurate meter data submissions are subject to a penalty of \$1,000/trading day.
- **Potential change:** Update penalties for inaccurate and presumably late meter data submissions. Lower of: (a) 30% of the value of the error; or (b) \$1,000/trading day.
- Track recommendation: **Track 1**
- Clarifying questions?

Initial ROC Topics and Potential Changes

Eliminate annual penalty distribution filing: Section 37.9.4

- **Current Rule:** The ISO holds penalties in escrow and distributes them to market participants who didn't have a penalty in that year. The ISO must receive FERC approval before the annual distribution of funds.
- **Potential change:** Remove requirement to receive FERC approval before distribution Rules of Conduct proceeds in favor of an informational report filed with FERC.
- Track recommendation: **Track 1**
- Clarifying questions?

Initial ROC Topics and Potential Changes

Streamline rules of conduct investigative process: Section 37.8.3-37.8.7

- **Current Rule:** The ISO employs a three-letter process to investigate potential rules of conduct violations that involves extended back and forth with the ISO.
- **Potential change:** Streamline the process outlined in these sections and/or shift the process into the settlements dispute process.
- Track recommendation: **Track 2**
- Clarifying questions?

Initial ROC Topics and Potential Changes

Apply DR baseline penalties on a per-SC basis: Sections 11.6.1 & 37.6.1

- **Current Rule:** Demand response providers must provide baseline data for each demand response resource. Because the requirement is by resource, penalties apply on a per-resource basis.
- **Potential change:** Apply the penalties on a per-scheduling coordinator basis.
- Track recommendation: **Track 1**
- Clarifying questions?

Initial ROC Topics and Potential Changes

Clarify eligibility for penalty distribution: Section 37.9.4

- **Current Rule:** Participants not assessed a penalty in a year are eligible for a pro-rata distribution of penalty fund.
- **Potential change:** Clarify entities exempt from penalties (either because of sovereign immunity or a penalty waiver) automatically are deemed “ineligible market participants” for annual penalty distribution purposes.
- Track recommendation: **Track 1**
- Clarifying questions?

Initial ROC Topics and Potential Changes

Define information submission requirements subject to penalty with specificity: Section 37.6.1.1

- **Current Rule:** Tariff creates a \$500/day penalty for late submission of tariff-required information.
- **Potential change:** Identify specific provisions that merit this penalty instead of leaving it as a catchall.
- Track recommendation: **Track 2**
- Clarifying questions?

Initial ROC Topics and Potential Changes

Update penalty tolling eligibility to create a clear pathway for SC to invoke the provision: Section 37.8.10

- **Current Rule:** The ISO can toll application of penalties if scheduling coordinators appeal to FERC and submit a timely settlement dispute.
- **Potential change:** Create a process for the tolling provision to kick in without the penalty first going on a settlement statement.
- Track recommendation: **Track 2**
- Clarifying questions?

Initial ROC Topics and Potential Changes

Clarify application of market adjustment provision in context of WEIM entities: Sections 37.5.2.3 & 37.11.1

- **Current Rule:** When late/inaccurate meter data is submitted but not processed through the settlements system, the ISO calculates a market adjustment and distributes funds pro-rata by UFE in the impacted utility area. However, WEIM entities can opt out of UFE or are the sole UFE payers in an area. Existing tariff sections suggest, but are not clear, that these funds should go to the Rules of Conduct escrow account.
- **Potential change:** Clarify that the funds go to the escrow account if the WEIM entity has opted out of UFE or if they are the only one paying UFE in their area.
- Track recommendation: **Track 1**
- Clarifying questions?

Initial ROC Topics and Potential Changes

Late forced outage reporting: Section 37.4.1.2

- **Current Rule:** Resources must report forced outages within 60 minutes. The first violation in the month is deemed a non-violation and the second violation triggers a warning letter. Only the third violation in a month leads to financial penalties.
- **Potential change:** Eliminate penalties altogether or create stricter penalties by removing the free pass and/or warning letter stages.
- Track recommendation: **Track 2**
- Clarifying questions?

Questions or Feedback?

Stakeholder Discussion: Initiative Scope

Stakeholder Discussion: Initiative Scope

What else?

- Additional Rules of Conduct topics to explore?
- Topics the ISO should consider removing from scope?

Stakeholder Discussion: Topic Track Categorization

Stakeholder Discussion: Topic Track Categorization

Organized effectively?

- Feedback on proposed topic track categorization
- Tentatively, how should new topics be categorized?

Track 1	<ul style="list-style-type: none">• Meter data penalties• Apply DR baseline penalties on a per-SC basis• Eliminate annual penalty distribution filing• Clarify eligibility for penalty distribution• Clarify application of market adjustment provision in context of WEIM entities	<ul style="list-style-type: none">• New Topics:
Track 2	<ul style="list-style-type: none">• Define information submission requirements subject to penalty with specificity• Update penalty tolling eligibility to create a clear pathway for SC to invoke the provision• Streamline rules of conduct investigative process• Late forced outage reporting	<ul style="list-style-type: none">• New Topics:

Next Steps

Next steps

- Workshop comments are due by end of day **June 15, 2023**.
- Upcoming milestones*:
 - 6/15: due date for stakeholder comments on workshop
 - 7/05: ISO publishes straw proposal
 - 7/13: stakeholder call to discuss straw proposal

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

June						
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	

July						
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					

For reference

- Visit initiative webpage for more information:
<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Rules-of-conduct-enhancements>
- If you have any questions, please contact Brenda Corona at bcorona@caiso.com or isostakeholderaffairs@caiso.com



- *Energy Matters* blog provides timely insights into ISO grid and market operations as well as other industry-related news <http://www.caiso.com/about/Pages/Blog/default.aspx>.

Read a recent article featured in the blog:

The preview shows a header image with solar panels in the foreground and wind turbines and a power line tower in the background under a bright sky. The text "SUMMER OUTLOOK" is overlaid on the solar panels. To the right, the article details are listed: the date "May 16, 2023", the category "Summer conditions", the title "2023 Summer Loads and Resources Assessment has been posted", a short summary of the assessment, and a "READ MORE" link.

May 16, 2023
Summer conditions

2023 Summer Loads and Resources Assessment has been posted

The California Independent System Operator has released its 2023 Summer Loads and Resources Assessment, which shows considerable improvement in resource availability for the upcoming summer, driven by accelerated resource development and high hydro conditions within California.

[READ MORE](#)

- Subscribe to [Energy Matters blog monthly summary](#)