

Price Formation Enhancements (PFE) Initiative - Phase 2 Working Group Schedule

The California ISO is pleased to present the tentative schedule for the Price Formation Enhancements (PFE) Phase 2 working group sessions. These sessions will focus on developing detailed proposals for Scarcity Pricing, BAA-level Market Power Mitigation (MPM), and Fast-start Pricing.

The schedule below lays out the specific topics for each session. This approach will hopefully allow stakeholders ample time to fully prepare for the discussions, prepare their own presentations on topics of interest, and enable more productive and insightful working group meetings.

Important Notes:

- **All dates are tentative and subject to change.** Please check for updates regularly.
- Sessions will be held virtually unless otherwise specified.
- Each session is scheduled for approximately 3 hours (exact times to be confirmed).
- Stakeholders are highly encouraged to present at any session. Please contact Brenda Marquez at bmarquez@caiso.com to arrange a presentation.
- Informal written feedback will be accepted after each working group session.
- Opportunities for formal written feedback will be announced separately.

Scarcity Pricing and BAA-level MPM Working Group Sessions:

- **November 6, 2024:** BAA level MPM - Consideration of how to define the groups and sequence the assessments; detailed examples and walk-throughs of how the grouping approach would work. https://youtu.be/XfitVTJ_XJw
- **November 20, 2024:** BAA level MPM - Discuss modifications to the BAA-level mitigation approach, such as only mitigating pivotal suppliers rather than all suppliers and an "impact test" to only mitigate offers with LMP impacts above a defined threshold. https://www.youtube.com/watch?v=kgp_J8phcbA
- **December 16, 2024:** Scarcity Pricing - Discuss enhancements to ancillary service procurement in the real-time market to improve the ability of the Scarcity Reserve Demand Curve (SRDC) to reflect tight supply conditions.
- **January 9, 2025:** Scarcity Pricing - Discuss market-based mechanisms for prices to rise gradually as the risk of shortages increases and the system approaches scarcity conditions.
- **January 23, 2025:** Scarcity Pricing - Review and discuss updates to the value with which to anchor and scale pricing run penalty prices to ensure alignment with current Western Interconnection market conditions and scarcity value of reserves.
- **February 6, 2025:** Scarcity Pricing - Discuss market mechanisms to incorporate the pricing impacts of emergency actions during scarcity events.
- **February 20, 2025:** Topic TBD (if needed)
- **March 6, 2025:** BAA level MPM - Analysis on the structural competitiveness of the CAISO BAA. Discuss if the CAISO BAA should be included in the BAA-level market power tests and treated like any other BAA, rather than assuming it is always competitive.
- **March 20, 2025:** BAA level MPM - Analysis of how new BAA-level MPM approaches affect the frequency of mitigation compared to the current method.

- **March 27, 2025:** BAA level MPM - Analysis of how new BAA-level MPM approaches affect the frequency of mitigation compared to the current method.
- **April 2, 2025:** Topic TBD (if needed)
- **April 16, 2025:** Topic TBD (if needed)
- **April 30, 2025:** Topic TBD (if needed)
- **May 14, 2025:** Publish and present Straw Proposal for Scarcity Pricing/MPM

Fast-start Pricing Working Group Sessions:

- **November 14, 2024:** Review methods to amortize commitment costs into market prices; <https://youtu.be/OpiPbCUYlOo>
- **December 5, 2024:** Explore the integer relaxation method
- **Dec 19, 2024:** This session has invited Midcontinent Independent System Operator (MISO) perspectives on fast-start pricing, featuring Shu Xu, Principal Engineer, Market Evaluation and Carrie Milton, VP, Potomac Economics.
- **January 16, 2025:** 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 DAM/HASP/FMM, including interactions with EDAM/WEIM transfers and WEIM base scheduling practices
- **April 10, 2025:** Discuss interactions with GHG constraints and design; discuss interactions with pricing run penalty prices
- **May, 2025:** Publish and present preliminary Discussion Paper for Fast-start Pricing
- **June 10, 2025:** Topic TBD (if needed)
- **July 8, 2025:** Topic TBD (if needed)
- **August 5, 2025:** Topic TBD (if needed)

For questions or to arrange a stakeholder presentation, please contact Brenda Marquez at bmarquez@caiso.com

We look forward to your active participation in these working group sessions!



Overall PFE Phase 2 Schedule

In response to the Discussion Paper, stakeholders asked CAISO to shorten the PFE initiative's schedule and timeline. Several stakeholders expressed concerns that a two-year timeline might suggest these issues lack urgency and could hinder consistent stakeholder engagement. They pointed out that other major market initiatives had wrapped up in under a year, implying that the extended timeline was excessive and could result in unproductive discussions and scope creep.

The new, more iterative stakeholder process makes it difficult for CAISO to predict how long policy development will take because the initiative's progress depends on the working group discussions.

However, CAISO acknowledges that the original schedule was overly conservative and agrees to shorten the timeline. The updated schedule includes the following changes:

- Shifts the targeted Board and Governing Body approval for Scarcity/MPM from November 2026 to March 2026.
- Shifts the targeted Board and Governing Body approval for Fast-Start Pricing from May 2027 to January 2027.

	Phase 2	
	Scarcity Pricing / BAA-Level MPM	Fast-Start Pricing (Policy)
Oct-24	Working group preparation	Working group preparation
Nov-24	Proposal development and iteration	Conduct working groups
Dec-24		
Jan-25		
Feb-25		
Mar-25		
Apr-25	Straw Proposal	Discussion paper and stakeholder recommendations
May-25		
Jun-25	Proposal development and iteration	Conduct working groups (if needed)
Jul-25		
Aug-25		
Sep-25		
Oct-25		
Nov-25		
Dec-25		
Jan-26		
Feb-26		
Mar-26		BOG/GB meeting
Apr-26		
May-26		
Jun-26		
Jul-26		
Aug-26		
Sep-26		
Oct-26		
Nov-26		
Dec-26		
Jan-27		
Feb-27		
Mar-27		
Apr-27		
May-27		