

Section 27 – California ISO Markets and Processes

*This is an existing section that includes changes for the EDAM initiative and the ISO EDAM BAA Initiative. All incremental changes due to the ISO EDAM BAA Initiative are added in redline. Incremental revisions to reflect stakeholder comments received on 9/14 are indicated with **yellow highlight**.*

27. CAISO Markets and Processes

In the Day-Ahead and Real-Time time frames the CAISO operates a series of procedures and markets that together comprise the CAISO Markets Processes. In the Day-Ahead time frame, the CAISO conducts the Market Power Mitigation (MPM) process, the Integrated Forward Market (IFM) and the Residual Unit Commitment (RUC) process. In the Real-Time time frame, the CAISO does the following: 1) accepts the Economic Bids and Self-Schedules used in the Real-Time Market procedures, 2) conducts the MPM process for the RTM, 3) accepts and awards HASP Block Intertie Schedules for Energy and Ancillary Services, 4) provides HASP Advisory Schedules for Energy and Ancillary Services for Bids that do not create a HASP Block Intertie Schedule, 5) conducts the Real-Time Unit Commitment (RTUC), 6) conducts the Short-Term Unit Commitment (STUC), 7) conducts the Fifteen Minute Market (FMM), and 8) conducts the five-minute Real-Time Dispatch (RTD). As appropriate, the CAISO Markets Processes utilize transmission and Security Constrained Unit Commitment and dispatch algorithms in conjunction with a Base Market Model adjusted as described in Sections 27.5.1 and 27.5.6 to optimally commit, schedule and Dispatch resources and determine marginal prices for Energy, Ancillary Services and RUC Capacity. Congestion Revenue Rights are available and entitle holders of such instruments to a stream of hourly payments or charges associated with revenue the CAISO collects or pays from the Marginal Cost of Congestion component of hourly Day-Ahead LMPs. Through the operation of the CAISO Markets Processes the CAISO develops Day-Ahead Schedules, Day-Ahead AS Awards and RUC Schedules, HASP Block Intertie Schedules for Energy and AS Awards, HASP Advisory Schedules, FMM Energy Schedules, and FMM Ancillary Services Awards, Real-Time AS Awards and Dispatch Instructions to ensure that sufficient supply resources are available in Real-Time to balance Supply and Demand and operate in accordance with Reliability Criteria. The CAISO Balancing Authority Area also is a Balancing Authority Area in the Market Area.

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27.14 Participation as a Balancing Authority Area in the EDAM Area

The CAISO will participate as a Balancing Authority Area in the EDAM Area, consistent with requirements of Section 33, subject to the provisions of this Section 27.14.

27.14.1 EDAM Transfer and Congestion Revenue

EDAM Transfer Revenue and EDAM Congestion Revenue distributed to the CAISO Balancing Authority Area in accordance with Section 33.11.1 will be allocated by the CAISO to the applicable Scheduling Coordinators as provided in Section 11.35.2.

27.14.2 EDAM Resource Sufficiency Evaluation

27.14.2.1 EDAM RSE Surcharge and Revenue Allocation

EDAM RSE surcharges or revenue distributed to the CAISO Balancing Authority in accordance with Section 33.11.2 will be allocated by the CAISO to the applicable Scheduling Coordinators as provided in Section 11.35.3.

27.14.2.2 [Not Used]

27.14.3 Net Export Transfer Constraint

The CAISO Balancing Authority Area may enable the configurable EDAM net export transfer constraint set forth in Section 33.31.3 consistent with the process set forth in the Business Practice Manual utilizing the confidence factor provided for in Section 27.14.3.1 and the additional reliability margin provided for in Section 27.14.3.2.

27.14.3.1 Confidence Factor

If there is observed risk of non-performance or non-delivery by Supply overall or from inertia schedules, or if Good Utility Practice or operator judgement otherwise requires, then the CAISO Balancing Authority Area will utilize a tunable confidence factor of less than 100% configurable by hour, as provided in Section 33.31.3.1, and consistent with the process set forth in the Business Practice Manual.

27.14.3.2 Additional Reliability Margin

If there is an observed risk that additional capacity will be needed to respond to reliability conditions, or if Good Utility Practice or operator judgement otherwise requires, then the CAISO will utilize an additional tuneable reliability margin configurable by hour, as provided in Section 33.31.3.2, and consistent with the process set forth in the Business Practice Manual.

27.14.4 EDAM Recoverable Revenue

EDAM recoverable revenue for the CAISO Balancing Authority Area will be calculated, allocated and distributed to the applicable Scheduling Coordinators, as provided in Section 26.2.