



California ISO

WESTERN ENERGY MARKETS

# Decision on Penalty Enhancements - Demand Response, Investigation, and Tolling

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# Background on the rules of conduct

- The rules of conduct govern ISO market participant behavior and stipulate sanctions for rule violations
- The rules of conduct apply penalties for market participant tariff non-compliance, including data submittal failures

## Current rules create unnecessary administrative burden and fail to incentivize necessary demand response monitoring data submittal

- De minimis meter data inaccuracies that do not substantially impact settlement outcomes unnecessarily trigger a full investigation because they potentially violate the tariff
- Scheduling coordinators lack sufficient incentive to submit demand response baseline data necessary for monitoring behavior
- Certain administrative requirements impose unnecessary burden to scheduling coordinators and the ISO

# Idaho Power remarks on penalty enhancement initiative

Idaho Power will share:

1. An example of current penalty structure impact
2. Issues addressed by the stakeholder process
3. Their overall perspective of the initiative

# Management proposes introducing a materiality threshold for inaccurate meter data penalties

- Establish materiality threshold for inaccurate meter data penalty
  - Inaccuracies less than 3% or 3MWh will not be penalized
  - Threshold applies to inaccuracies netted over the day
- Small meter data corrections do not warrant a penalty or the need for a costly, unnecessary investigation

# Management proposes new penalties to incentivize timely demand response monitoring data submittal

- Create demand response baseline monitoring data penalty structure aligned with settlement meter data submittal

|             | Structure   |   |   |
|-------------|---|---|---|
|             | Meter Data  | Current Monitoring Data   | Proposed Monitoring Data  |
| Penalty Fee | Late: Flat \$1,000 per trading day<br>Missing: Flat \$3,000 per trading day       | No penalty since no deadline. If deadline is provided, then \$500 per resource per day per file | Late: Flat \$1,000 per trading day<br>Missing: Flat \$3,000 per trading day       |
| Deadline    | Due T+52B, accepted with late penalty until T+214B. Missing penalty applied after | No submission timeline  | Due T+52B, accepted with late penalty until T+214B. Missing penalty applied after |

## Management's proposed penalty submission deadline is appropriate and beneficial

- Without penalties, DMM has observed significant and ongoing problems with timely monitoring data submittal
- Monitoring data is submitted alongside meter data and validates performance calculations, so it is appropriate to align monitoring data penalties with meter data penalties

## Management proposes alleviating administrative burden for processing settlement of penalties and investigating potential violations

- Introduce a 30-day period for scheduling coordinator to submit FERC appeal and notify ISO prior to a penalty settlement
- Reduce three letter investigative process to two letters, with a window for scheduling coordinator appeal
- Eliminate report sent to the Secretary of Energy for rules of conduct violation from power marketing administrations

## Stakeholders broadly support Management's proposal which adopted their recommendations

- Incorporated feedback from three stakeholder meetings and three opportunities for written comment
- Management's proposal addresses stakeholder concerns
  - Introduced materiality threshold for inaccurate meter data penalty
  - Courtesy warning ahead of potential exposure to monitoring data penalties
  - Reduced historical monitoring data penalty from 90 days to 45 days

# Management recommends approval of the proposed changes to the Rules of Conduct

- Removes de minimis penalties for small meter data inaccuracies
- Creates demand response monitoring data submittal timeline and penalty structure
- Alleviates rules of conduct administrative burden for both market participants and the ISO
- Broadly supported by stakeholders