



California ISO

# Gas Management Issues

Regional Issues Forum (RIF)

June 21, 2023

# Background

- Throughout the EDAM discussions, WEIM entities expressed an interest in understanding and evaluating the rules for gas resource management in market.
- Primary focus on ensuring reliable operation of resources and ensuring efficient operational cost recovery.
- Over last several months, the ISO engaged with a number of WEIM entities to better understand gas management challenges.

# Cataloging what we heard

- *Differences in gas systems across the West*
  - Structure of gas systems including the availability of storage
- *Seeking bidding flexibility, ensuring cost recovery*
  - Ability to recover commitment costs above the 125% cost cap as it may not reflect incurred operational cost
  - The 25% (commitment cost) and 10% (DEB) adders seen as overly restrictive
  - Reference prices based on gas day (not electric) from 7am to 7am
  - Reference level change request process seen as onerous, manual and cumbersome

## Cataloging what we heard

- *Use limitation enhancements to reflect reliability limitations*
  - In developing opportunity costs for use limited resources, consider “reliability limitations” (reliability function of resource in BAA) as an explicit factor
- *Heat rate variations under different conditions*
  - Seeking ability for market to recognize different heat rates reflective of operational capabilities under varying conditions.
- *Resources subject to multiple gas fuel zones*
  - Seeking ability for market to recognize generators connected to multiple systems, fuel zones and pricing

## Cataloging what we heard

- *Gas burn limitations, issued by gas company, consideration in the market*
  - Evaluate whether/how market can reflect issued gas burn limits to manage dispatch/award within limits
- Some entities suggested exploration of aligning gas and electric timelines. However, this has been explored in the past but was not pursued due to significant other adverse impacts and uncertainty (forecasting impacts, gas uncertainty in real-time, etc...).

# Next Steps on Gas Management Issues

- ISO will launch working group discussions:
  - **Mid-July:** Stakeholder lead discussion focusing on understanding unique perspectives, challenges and issues on gas management.
    - Encouraging wider participation and presentations
  - **Mid-August:** ISO lead discussion of existing tools to address identified concerns.
    - May require multiple discussions
- The working group discussions will help inform the scope of a formal initiative on the topic.