



# MW-Dependent Fuel Price Adjustment (FPA) Proposal

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**Proposed Effective Date: After DASI, likely sometime in 2025**

- The ISO is proposing changes to the fuel price adjustment (FPA) process (“MW-dependent FPAs”) that will allow Resources to reflect up to two different fuel prices in their cost-based Reference Levels
  - These changes improve the accuracy of energy market mitigation and enhance the efficiency of the ISO’s energy markets
- The ISO has moved the vote on the MW-dependent FPA proposal to the March 12-14, 2024 Markets Committee (MC) and the April 4, 2024 Participants Committee (PC)
  - The votes had initially been targeted for the February 6-8, 2024 MC and the March 7, 2024 PC
- Shifting these votes by one month will:
  - Allow for more time (six weeks vs. one week) between the FERC’s decision on the Day-Ahead Ancillary Services Initiative (DASI) and the vote on the MW-dependent FPA proposal
  - Provide more time for the ISO to continue to work with its external vendors on the proposed effective date for the MW-Dependent FPA proposal
  - Still allow the ISO to file MW-dependent FPA changes in April 2024
- The focus of this presentation is on reviewing the proposed Tariff revisions
  - In December, the ISO presented the proposed Tariff revisions under the currently effective Tariff (i.e. without DASI).
  - Today’s material focuses on the proposed Tariff revisions under the potential Tariff effective March 1, 2025 (i.e. with DASI)

# TARIFF REVISIONS OVERVIEW



# Overview

- We have posted two versions of the MW-dependent FPA Tariff redlines
  - Proposed revisions to the currently effective Tariff (first presented at December 12-14, 2023 MC)
  - Proposed revisions to the Tariff that will be effective if the Day-Ahead Ancillary Services Initiative (DASI) is accepted (first presented at the January 9-11, 2024 MC)
- ISO requested that FERC issue an order on DASI by the end of January 2024
  - Updating the MW-dependent FPA proposal stakeholder schedule will allow participants more time to review the relevant Tariff language with the benefit of having the FERC's decision

# Summary of Proposed Tariff Changes

## *Current effective Tariff language*

- The ISO provided a summary of proposed changes to the current effective Tariff at the [December 12-14, 2023 MC](#)
- The only update to the proposed changes to the current effective Tariff is summarized in the table below

Tariff Section	Tariff Change	Reason for Change
III.A.3.1.	Corrected reference to III.A.3.4.(d)	Conforming change

# Summary of Proposed Tariff Changes

## *Tariff language that will be effective if DASI is accepted*

- Additional language describing how an FPA applies to the Day-Ahead Ancillary Services Avoidable Input Cost for any associated Day-Ahead Ancillary Services Offers is required in section III.A.3.4.(a) (see green text below)

Tariff Section	Tariff Change	Reason for Change
III.A.3.4.(a)	Added language to describe mechanics of MW-dependent FPA proposal and consultation process; made references to a singular fuel price plural; <b>describe how MW-dependent FPA submittal is used to calculate Day-Ahead Ancillary Services Avoidable Input Cost</b>	Allow flexibility to include two prices in FPA submission

# CONCLUSION AND STAKEHOLDER SCHEDULE



# Conclusion

- The ISO is proposing changes to the FPA process improve the accuracy of energy market mitigation and enhance the efficiency of the ISO's energy markets
- The stakeholder schedule has been amended to accommodate the FERC's DASI ruling and to provide participants greater clarity on the effective date
- The ISO still expects to file MW-dependent FPA changes in April 2024





# Stakeholder Schedule

Stakeholder Committee and Date	Scheduled Project Milestone
Markets Committee September 12-13, 2023	Interim update on ISO review of items in the Show Cause Order
Markets Committee October 11-12, 2023	Introduce conceptual design on FPA process changes and update on review of GTE mitigation
Markets Committee November 7-8, 2023	Introduce detailed design on FPA process changes and follow-up on review of GTE mitigation
Markets Committee December 12-14, 2023	Continue detailed design discussions and review proposed FPA process Tariff redlines
Markets Committee January 9-11, 2024	Review FPA process Tariff redlines (“with DASI” and “without DASI”)
Markets Committee February 6-8, 2024	Review FPA process Tariff redlines (“with DASI” or “without DASI”)
Markets Committee March 12-14, 2024	Vote
Participants Committee April 4, 2024	Vote

# Questions

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