



**Updated Evaluation Report of Load Serving Entities' Compliance with
2010 Local and System Resource Adequacy Requirements
(Updated November 13, 2009)**

The ISO has reviewed the aggregate 2010 annual Resource Adequacy (RA) Plans of load serving entities (LSEs) received as of November 2, 2009 and done a final evaluation to assess compliance with annual Local and System Resource Adequacy requirements. In addition, the ISO has done an evaluation of the effectiveness of the Resource Adequacy Resources and RMR resources that have been procured by LSEs to assess compliance in Local Capacity Areas with the Local Capacity Technical Study criteria as required by Tariff Sections 43.1.1.1 and 43.1.2. The ISO's evaluation has identified individual LSE and collective capacity deficiencies in several Local Capacity Areas in the PG&E TAC Area. The ISO's evaluation shows aggregate compliance with the LCR criteria in the SCE and SDG&E TAC Areas. A deficiency occurs when the aggregate portfolio of Resource Adequacy Resources that has been procured, including RMR resources, fails to satisfy the adopted reliability criteria in a Local Capacity Area. The tariff provides an opportunity for LSEs to cure individual or collective deficiencies before the ISO can engage in any backstop procurement.

The ISO notes that it cannot require the deficient LSEs to buy from the units specified below, which are needed to satisfy LCR criteria. LSEs (including those deficient at this time) can buy from any resources with a local attribute in the TAC Area. However, to the extent that the aggregate LSE showings do not comprise the right mix of resources that meet the LCR criteria and ISO effectiveness needs, a deficiency may exist that would cause the ISO to procure individual and/or collective backstop capacity.

System Resource Adequacy requirements

The ISO's evaluation shows aggregate compliance with the year ahead RA requirement (90% of the monthly resource adequacy requirement) for the five summer months.

Local Resource Adequacy requirements

SCE & SDG&E TAC Areas

The ISO's evaluation shows aggregate compliance with the LCR criteria.

PG&E TAC Area

1. At this time, individual LSE deficiencies in the PG&E TAC Area total 195 MW.
2. Based on the final showings received the ISO projects that there could be a potential collective deficiency ranging from a minimum deficiency of 238 MW to a maximum deficiency of 433 MW.

For Humboldt Local Area, a minimum 9 MW needs to be procured from the following resources in order to satisfy the LCR criteria:

| Mkt./Physical Res. ID | Physical Resource Name | NQC (MW) | Available (MW) | LCR Need |
|-----------------------|--------------------------|----------|----------------|------------------|
| FTSWRD_7_QFUNTS | Fort Seward QF Aggregate | 1 | 1 | Humboldt Overall |
| HUMBPP_7_UNIT 1 | Humboldt Bay Unit 1 | 52 | 2 | Humboldt Overall |
| HUMBPP_7_UNIT 2 | Humboldt Bay Unit 2 | 53 | 2 | Humboldt Overall |
| LAPAC_6_UNIT | Louisiana Pacific Samoa | 20 | 20 | Humboldt Overall |

For North Coast/North Bay Local Area, a minimum of 131 MW needs to be procured in the following manner from the following resources in order to satisfy the LCR criteria:

1) An additional 116 MW needs to be procured from the following resources:

| Mkt./Physical Res. ID | Physical Resource Name | NQC (MW) | Available (MW) | LCR Need |
|-----------------------|----------------------------|----------|----------------|-------------------|
| ADLIN_1_UNITS | Geothermal Energy Partners | 16 | 16 | Eagle Rock/Fulton |
| GEYS11_7_UNIT11 | Geysers Unit 11 | 60 | 39 | Eagle Rock/Fulton |
| GEYS14_7_UNIT14 | Geysers Unit 14 | 50 | 50 | Fulton |
| GYSRVL_7_WSPRNG | Sonoma CWA Warm Springs | 2 | 2 | Fulton |
| NCPA_7_GP2UN3 | NCPA Geo Plant 2 Unit 3 | 28 | 4 | Fulton |
| NCPA_7_GP2UN4 | NCPA Geo Plant 2 Unit 4 | 27 | 4 | Fulton |
| SNMALF_6_UNITS | Sonoma County Landfill | 6 | 1 | Fulton |

2) A minimum 15 MW needs to be procured from the following resources:

| Mkt./Physical Res. ID | Physical Resource Name | NQC (MW) | Available (MW) | LCR Need |
|-----------------------|-------------------------|----------|----------------|-----------|
| GEYS18_7_UNIT18 | Geysers Unit 18 | 45 | 13 | Lakeville |
| GEYS20_7_UNIT20 | Geysers Unit 20 | 40 | 9 | Lakeville |
| NCPA_7_GP1UN1 | NCPA Geo Plant 1 Unit 1 | 32 | 5 | Lakeville |
| NCPA_7_GP1UN2 | NCPA Geo Plant 1 Unit 2 | 29 | 4 | Lakeville |
| SMUDGO_7_UNIT1 | Sonoma Power Plant | 37 | 5 | Lakeville |

For Sierra Local Area, an additional 159 MW needs to be procured from the following resources in order to satisfy the LCR criteria:

| Mkt./Physical Res. ID | Physical Resource Name | NQC (MW) | Available (MW) | LCR Need |
|-----------------------|------------------------------|----------|----------------|------------------|
| DAVIS_7_MNMETH | MM Yolo Power LLC | 3 | 3 | Drum-Rio Oso |
| ELDORO_7_UNIT 1 | El Dorado Power House Unit 1 | 11 | 11 | Placerville |
| ELDORO_7_UNIT 2 | El Dorado Power House Unit 2 | 11 | 11 | Placerville |
| FORBST_7_UNIT 1 | Forbes Town Hydro | 39 | 39 | Drum-Rio Oso |
| KELYRG_6_UNIT | Kelly Ridge Hydro | 10 | 10 | Drum-Rio Oso |
| PLSNTG_7_LNCLND | Lincoln Landfill Power Plant | 2 | 2 | Drum-Rio Oso |
| SLYCRK_1_UNIT 1 | Sly Creek Hydro | 10 | 10 | Drum-Rio Oso |
| STIGCT_2_LODI | Lodi STIG | 50 | 18 | South of Rio Oso |
| WDLEAF_7_UNIT 1 | Wood Leaf Hydro | 55 | 55 | Drum-Rio Oso |

For Stockton Local Area, an additional 89 MW needs to be procured from the following resources in order to satisfy the LCR criteria:

| Mkt./Physical Res. ID | Physical Resource Name | NQC (MW) | Available (MW) | LCR Need |
|-----------------------|------------------------------|----------|----------------|---------------|
| BEARDS_7_UNIT 1 | Beardsley Hydro | 8 | 8 | Tesla-Bellota |
| SPIFBD_1_PL1X2 | Sierra Pacific Ind. (Sonora) | 3 | 3 | Tesla-Bellota |
| STNRES_1_UNIT | Stanislaus Waste Energy Co. | 15 | 15 | Tesla-Bellota |
| STOKCG_1_UNIT 1 | Stockton Cogen Co. | 47 | 47 | Tesla-Bellota |
| TULLCK_7_UNITS | Tulloch hydro Aggregate | 16 | 16 | Tesla-Bellota |

For Fresno Local Area, a minimum 1 MW needs to be procured from the following resources in order to satisfy the LCR criteria:

| Mkt./Physical Res. ID | Physical Resource Name | NQC (MW) | Available (MW) | LCR Need |
|-----------------------|------------------------|----------|----------------|----------|
| BALCHS_7_UNIT 1 | Balch 1 PH Unit 1 | 33 | 1 | Herndon |
| PINFLT_7_UNITS | Pine Flat PH | 210 | 177 | Herndon |
| PNOCHE_1_PL1X2 | Wellhead Power Panoche | 40 | 7 | Herndon |

For Bay Area Local Area, a minimum 44 MW needs to be procured from the following resources in order to satisfy the LCR criteria:

| Mkt./Physical Res. ID | Physical Resource Name | NQC (MW) | Available (MW) | LCR Need |
|-----------------------|------------------------|----------|----------------|----------|
| GILROY_1_UNIT | Gilroy Cogen - Unit 1 | 105 | 105 | Llagas |
| GILRPP_1_PL3X4 | Gilroy Peaker - Unit 3 | 46 | 46 | Llagas |

Process for curing a Collective Deficiency:

For purposes of curing a collective deficiency, a Scheduling Coordinator for an LSE may submit a revised annual Resource Adequacy Plan by **December 1, 2009**, to demonstrate the procurement of additional Local Capacity Area Resources consistent with this market notice in order to resolve the collective deficiency as provided by Tariff Section 43.1.2.1. Any Scheduling Coordinator for an LSE that provides such additional Local Capacity Area Resources consistent with this market notice shall have its share of any backstop procurement costs reduced on a proportionate basis in accordance with the Tariff. If the full quantity of capacity in the deficient Local Capacity Areas is not reported to the ISO under revised annual Resource Adequacy Plans, the ISO may engage in backstop procurement sufficient to alleviate the deficiency.