Decision on conditional approval to extend existing reliability must-run contracts for 2021

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Board of Governors Meeting
General Session
October 1, 2020
Management requests conditional approval to extend certain reliability must-run contracts for 2021.

- Reliability must-run designations are extended when:
  - There is a reliability need in the local area as determined by ISO studies; and,
  - Resource adequacy capacity from specific units may not be contracted by a load serving entity.

- Resource adequacy capacity is also retained under RMR designations, however, if the ISO determines that:
  - It needs certain reliability services not provided by the resource adequacy contract;
  - A unit may exercise market power for energy; or
  - Existing contractual arrangements may preclude the availability of that unit without a reliability must-run contract.
Conditional approvals are sought each year due to the schedule of events each September:

- ISO Management develops next year’s RMR recommendations for units currently under contract
- ISO Board of Governors authorizes Management to conditionally extend necessary existing reliability must-run contracts at the Board meeting held each September
- September 15, load serving entities make preliminary resource adequacy showings with current RMR resources
- By September 30, ISO Management reviews preliminary resource adequacy showings and determines if RMR extensions remain necessary
- October 1 letters for RMR extensions or terminations are sent to resource owners (after the preliminary showings are reviewed).
Management recommends extending the reliability must-run designations as set out below:

• Extend existing reliability must-run contracts for 2021 conditional upon results of resource adequacy showings process for:
  – Oakland 1 & 3 (Dynegy Oakland, LLC)
  – Greenleaf II Cogen (Starwood Energy Group)
  – Channel Islands Power (CSU Channel Islands Site Authority)

• Release existing reliability must-run contracts for:
  – Oakland 2 (one of the Dynegy Oakland, LLC units) because the physical space is required for a new battery per Oakland Clean Energy Initiative
  – E.F. Oxnard (Atlantic Power) because Management has already confirmed it is now under a resource adequacy capacity contract

• Management will report back the results of the RMR contract extensions at the November Board meeting.