



## Decision on Interim Reliability Must-Run Agreement

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The ISO is in the process of making substantive enhancements to its backstop procurement authority.

- Comprehensive reforms are scheduled to go to the Board in March 2019 for implementation in 2020
- Reforms will include
  - Clarifying when reliability must run procurement (RMR) is used versus the capacity procurement mechanism (CPM)
  - Adding a must offer obligation for RMR units
  - Updating the rate of return for RMR units
  - Revising CPM pricing
- Topics are inter-related and must be dealt with holistically

## Management proposes to file a limited, interim version of the pro forma RMR agreement.

- Would provide necessary time to complete holistic review of backstop authority
- Not proposing changes to current rates, terms or conditions
- Would add authority to terminate interim agreement and immediately re-designate units under new comprehensive agreement following FERC acceptance
- Plan to file in August and request FERC decision in November 2018
  - New designations brought to the Board after November 2018 would fall under new authority

## Stakeholders generally support the proposal.

- PG&E and Six Cities support proposal
- Calpine believes proposed interim agreement is piecemeal and unnecessary
  - Management believes proposal is necessary until comprehensive reform of the RMR agreement is completed
  - Management will make clear in its filing that the additional authority proposed is limited to the interim agreement

Management recommends the Board approve filing the interim agreement.

- Proposed changes will facilitate moving to enhanced backstop provisions sooner than would otherwise be the case
- Will work with stakeholders to develop specific language for FERC filing