Standard Capacity Product Phase II – Straw Proposal

Cynthia Hinman
Sr. Market Design and Policy Specialist

Stakeholder Conference Call
January 26, 2010
ISO Stakeholder Process
Standard Capacity Product Phase II

We are here.

1. Project is triggered
2. Issue ID Paper
3. Straw Proposal
4. Draft Final Proposal
5. Board of Governors
6. FERC

Opportunities for Stakeholder Input

We are here.
Meeting Agenda

10:00-10:10  Introduction  Chris Kirsten
10:10-10:20  SCP Overview  Cindy Hinman
10:20-11:20  Straw Proposal  Cindy Hinman
11:20-11:30  Next Steps  Chris Kirsten
In June 2009, FERC approved in part and rejected in part the standard capacity product filing.

- Established new Resource Adequacy (RA) rules which include a standard capacity product for 2010
- Deferred implementation of
  - Resources whose Qualifying Capacity is determined using historical output data
  - Demand Response
- Directed the ISO to work with stakeholders to sunset the deferral as soon as possible
What types of resources are deferred from initial implementation?

- Qualifying Capacity based on historical outages
  - Wind
  - Solar
  - Non-dispatchable cogeneration
  - Non-dispatchable biomass
  - Non-dispatchable geothermal

- Demand Response
  - Retail Programs
  - Wholesale Programs
These topics are not in scope for this initiative:

- **Demand Response**
  - Ongoing CPUC proceedings
  - Begin separate stakeholder process to consider appropriate SCP availability measures

- **SCP Implementation issues**
  - Related to SCP features implemented on January 1 - Contact ISO Client Representative

- **Unit Substitution concerns**
  - Not a requirement, rather a feature of SCP offered to RA Resources
  - Some issues may be related to CPUC rules
The CPUC and the ISO are working together to resolve this issue.

- CPUC is dealing with the counting rules for these types of RA resources
  - Included as part of the Phase 1 of Resource Adequacy proceeding
  - PUC SCP workshop – options were discussed
- ISO plans to extend the applicability of SCP rules to these resources
  - Availability Standards
  - Availability Incentives
  - Unit Substitution
  - Grandfathering
The goal is for SCP to apply to all RA resources. This includes:

- Availability Standards
- Availability Incentives
- Unit Substitution
- Grandfathering as of June 28, 2009
Update rules for Non-Resource Specific System Resources that provide RA capacity

- Parallel stakeholder process to:
  - develop rules for inserting generated bids for NRS-RA that do not offer all capacity subject to must offer rules
  - Report outages in SLIC
- Proposal – apply the same availability calculation to these resources as other RA SCP resources
  - Assess availability of these resources
Replacement Rule considerations

- Currently the CPUC requires LSE to replace capacity that will be on planned outage under certain conditions
- Stakeholders have suggested that CPUC eliminate this rule in favor of placing in ISO tariff
  - Makes RA Capacity more fungible
  - Obligation on supplier rather than LSE
- Proposal – Supplier provide replacement capacity, else the ISO will:
  - Deny or reschedule the outage
  - Approve the outage and procure replacement through ICPM
  - Approve the outage and not procure replacement capacity
Tariff Clarifications

- Section 40.9.4.2 – …Forced Outage, non-ambient de-rates, or temperature-related ambient de-rates….
  - Non-ambient de-rates are included in the tariff definition of “Outage”
  - Eliminate “non-ambient de-rate” from the tariff language
- Section 40.9.6.3 - …Real-Time neutrality charge for that Trade Month in accordance with Section 11.5.2.3…
  - Section 11.5.2.3 limits allocation to metered CAISO Demand that is scheduled at one of the three Default LAPs
  - Correct the sentence to reflect the allocation to all metered CAISO Demand.
Next Steps

- January 26, 2010 – Stakeholder Conference Call to discuss Straw Proposal
- February 3, 2010 – Stakeholder Comments due on Straw Proposal (scpm@caiso.com)
- February 10, 2010 – Post Draft Final Proposal
- February 18, 2010 – Stakeholder conference call to discuss Draft Final Proposal
- February 24, 2010 – Stakeholder comments due on Draft Final Proposal
- March 25, 26 – Board of Governors meeting
- April – File tariff amendment with FERC