CAISO concern: need to work within existing RA rules at CPUC. Likely to take 1-2 years to revise.

Process is to remove transmission cost from project.

Build enough transmission to get to 33%.

Generators need to be in discussion of what transmission gets built.

Need transmission certainty.

All allocation processes rely on pre-determined transmission.

Have developer skin in the game.

Then again, dispatchable projects are not in the portfolios.

Assume transmission allocated at Phase 1.

Focus on allocation methodologies

Deliverability – using CRRs?

Initial preferences:

Option	Prefer	Don't like (2 votes ea)
LSE Choice	5	2
Project ranking	1	2
Auction	3	4
Pro rata	0	7

Auction – raises cost of participation. Need to require milestones to moinimize queue hogging.

Concern with relying on contracts because they do not necessarily show viability.

On other hand, if there was a "true" viability screen, it would be better.

SCE: Lots more projects bidding now. Bidders are generally more viable. Expect to see less failure.

Support for LSE choice with project ranking process built in.

Transparent ranking process?

Ability to flow to next cluster if project doesn't get PPA.

Need to consider timelines and how it all comes together.
May need to use short list.

Issue of demand for specific resource area.

LSE allocation - how to do it.

Auction provides ability for developers to bet on projects that LSE choice may not have.

Carve out for conventional resources? Part of portfolio process.

Issue with projects currently in queue that have PPAs and are in process of getting forward, getting deliverability

Auction mechanism .

Definition of study areas = RETI

Other concern is keeping projects in Cluster 4 that would otherwise withdraw.

LSE choice could provide greater incentive for earlier cluster projects to volunteer to participate.

LSE Choice Pros and cons
1. Only projects with PPAs and associated viability get
Queue management
1. Offer forgiveness of otherwise lost deposit for moving to new process.
2. One-time downsize option
3. Use forfeited funds to buy out queue hogs – use an auction?

Presentation

Note that development of portfolio remains a key element of the process.

Market is competitive, and mechanism that relies on competitive approach is preferential.

Note consideration of all 4 options, and eliminating 2 & 4.

Option	Prefer	Don't like (2 votes ea)
LSE Choice	5	2
Project ranking	1	2

Auction	3	4
Pro rata	0	7

Preference for LSE choice or auction. Evenly split between them.
Primary concern is for projects that may not have PPA but want to get queued in order to be attractive for PPA.

LSE Choice
Align procurement with deliverability allocation.
Transparent mechanism for evaluating viability of assigned projects, developing non-subjective criteria
Want to make sure that truly viable projects are allocated.
Demonstrates commercial interest.
Faster process than others
Lends itself more easily to getting earlier clustered projects involved.

Concern that this may over-value PPA
Allocation of capacity among LSEs
        Load share vs incremental RPS need
        Can provide input to revise portfolio.
Concern with impact on negotiating power of LSEs

Auction – prefer multiple round mechanism
Let's developer choose level of commitment
        Allows participation in anticipation of PPA.
        CAISO needs to provide sufficient information
        Can influence auction based on PPA activity, but can't provide developer option under LSE choice.
        Auction effectiveness determines auction cost – less impact pays less.

Process needs to have firm milestones to remain in queue.
Should there be cost to bid in auction?

Raises problem of irrational behavior of people with lots of money

Optimal solution may be combination of LSE choice and auction. Don't have clear picture, but need to differentiate between projects with and without PPAs.

Queue management
    1. Offer forgiveness of otherwise lost deposit for leaving queue.
    2. One-time downsize option.
    3. Use forfeited funds to buy out queue hogs – use an auction?