



Notice

To: Mary Leslie, Chair, ISO Board of Governors
Andrew Campbell, Chair, WEIM Governing Body

From: Roger Collanton, Vice President, General Counsel and Corporate Secretary

Date: September 1, 2023

Re: Notice of Planned Decisional Classification for the initiative called “Capacity Procurement Mechanism Enhancements – Track 2”

Any objection by the Chairs to this decisional classification is due by September 8, 2023.

This is a formal notice of Management’s decisional classification for the initiative called “Capacity Procurement Mechanism Enhancements – Track 2.” This initiative proposes to increase the capacity procurement mechanism (CPM) soft offer cap from \$6.31/kw-month to \$7.34/kw-month based on the following justifications: (1) the ISO tariff-defined methodology for deriving the soft offer cap using updated California Energy Commission data; (2) the ISO tariff-defined methodology for deriving the CPM soft offer cap is still reasonable and relevant until a broader review of the ISO’s Resource Adequacy processes can be completed; (3) the proposed increase to the soft offer cap accounts for recent inflation and is directionally appropriate, given the increase in bilateral capacity prices over recent years. Management believes that this item will require the approval only of the ISO Board of Governors and that the WEIM Governing Body will have no role in the decision.

Any objection by the Chairs to this decisional classification is due by Friday, September 8, 2023. Otherwise, the initiative will be presented for decision consistent with this classification.¹

The proposed tariff rule changes contemplated in this track of the initiative are not “applicable to EIM Entity balancing authority areas, EIM Entities, or other market participants within EIM Entity balancing authority areas, in their capacity as participants in EIM.” Therefore, the decision to approve these changes falls outside the scope of joint authority.

Written stakeholder comments on the draft final proposal were due August 30, 2023. There were no objections to the decisional classification in the draft final proposal.

The draft final proposal for this initiative is located [here](#). Additional relevant papers for this initiative are located [here](#).

¹ The process is described in the “Guidance Document,” available [here](#).