

# Central Procurement Entity Implementation and RAAIM Settlement Modification - Final Proposal

Stakeholder Meeting February 15, 2022

#### Housekeeping reminders

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- Please keep comments professional and respectful.
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#### Agenda

Time	Topic	Presenter
9:00-9:10am	Welcome and Introduction	Elizandra Casillas
9:10-10:40am	Central Procurement Entity Proposal	Bridget Sparks, Ph.D.
10:40-11:50am	RAAIM Settlement Modification Proposal	James Lynn
11:50-11:55am	EIM Governing Body Role	Bridget Sparks, Ph.D.
11:55-12:00pm	Next Steps	Elizandra Casillas



#### Stakeholder Process



### Central Procurement Entity Implementation Policy Development Schedule

Date	Milestone	
February 8, 2022	Publish Final Proposal and Revised Draft Tariff	
February 15, 2022	Stakeholder meeting on Final Proposal and comments on Revised Draft Tariff due	
February 24, 2022	Stakeholder call on revised Draft Tariff	
March 1, 2022	Stakeholder comments due on Final Proposal	
March 16-17, 2022	Present proposal to CAISO Board	
October 2022	Implementation for RA Year 2023	



# CENTRAL PROCUREMENT ENTITY BACKGROUND



### See prior presentations for background on CPE and LCR process

- CAISO will not be covering the background information on the CPE or LCR process
- For more information please see draft final presentation or the final proposal paper here: <u>California ISO - Central</u> <u>procurement entity implementation (caiso.com)</u>
- Substantive changes to the final proposals are highlighted in red

### Alignment between CPUC and CAISO stakeholder processes

- The CPUC published a proposed decision on February 10, 2022 and a final decision is expected in March 2022
- The CAISO conducted this stakeholder process in parallel with the CPUC's process to ensure any necessary tariff changes can be approved by its board and FERC, and systems implemented in advance of the October 31<sup>st</sup> showings deadline for the RA Year 2023 annual process
- The CAISO has designed its tariff and system changes to be compatible with the CPUC design of the CPE program

## CPE IMPLEMENTATION PROPOSAL



#### Recognizing a Central Procurement Entity

- The CPE will be defined as a market participant that is represented by a scheduling coordinator
  - The CPE will be subject to the Scheduling Coordinator ID GMC Charge
- The CAISO is no longer proposing a new sub-section 4 in the tariff to outline the responsibilities of the CPE, and will no longer be requiring a pro forma agreement for the creation of a CPE

#### Recognizing a Central Procurement Entity cont.

- The CPE will be responsible for submitting annual and monthly RA plans to the CAISO following existing RA plan submission timelines
- The CPE will be subject to late or missing submission penalties
- Although the CPUC ordered multi-year procurement for local RA, the CAISO will maintain it's annual showing process
  - the CPE should plan to make annual showings with the CAISO

#### Recognizing a Central Procurement Entity cont.

- The CAISO proposes to delete the existing statement in section 40.3.3 that "Scheduling Coordinators for Load Serving Entities may aggregate responsibilities for procurement of Local Capacity Area Resources"
- A CPE would serve this aggregation function and the CAISO determined that it could cause confusion to implement the formal and structured CPE approach while maintaining a parallel informal aggregation opportunity

### Recognizing a Central Procurement Entity: Local RA obligation allocation for CPUC jurisdictional LSEs

- The CAISO will continue to calculate the total local capacity area RA resource obligations of CPUC jurisdictional LSEs and transmit these to the CPUC
- The CPUC may allocate these local RA obligations to its LSEs using its own methodology, and if the CPUC does not allocate the total sum, the CAISO will allocate any remaining local obligation to relevant LSEs using the default methodology outlined in Section 40.3.2
- The CAISO proposes to modify Tariff section 40.3.2(a) to allow an LSE or CPE to be assigned a local RA obligation



### Recognizing a Central Procurement Entity: Local RA obligation allocation for non-CPUC jurisdictional LSEs

- For non-CPUC jurisdictional LSEs, they will continue to be assigned a local obligation using the allocation methodology described in Section 40.3.2(a)
- CAISO proposes adding opportunities in which LRAs may choose to shift all or part of their LSEs' local RA obligation to the CPE
  - CAISO will also allow multiple LRAs to utilize/designate the same CPE



#### Stakeholder Comments

- All commenting parties (CALCCA, CDWR, MRP, PG&E, and SCE) continue to be generally supportive of the CAISO's effort to recognize and incorporate the CPE into its tariff and systems
- PG&E and SCE questioned the need for a pro forma agreement, which the CAISO agrees with and has changed its proposal to remove the pro forma
- MRP, PG&E, and SCE submitted comments critiquing the CAISO's proposed tariff language in section 4, the CAISO has since removed its proposed section 4.18 from the revised draft tariff language

#### System and Local obligation of a CPE

- Section 40.2.3(a) states that an LSE will not be assigned a local obligation in excess of their system obligation for the applicable month
  - CPE is a procurement entity and does not have a load share ratio, therefore it would not be subject to this provision
- The CAISO proposes to exempt LSEs without load share in a TAC area from this provision of the tariff and develop software enhancements to support this exemption
  - If not exempt, an entity's local obligation would be capped at 0 MWs, and thus would not be committed to show capacity to meet its assigned local obligation

### System and Local obligation for LSEs with Load in multiple TAC areas

- For LSEs that serve load in multiple TAC areas they will be allocated a local obligation in each TAC area
  - under the existing tariff provision these local obligations would be capped at their entire system obligation
  - this could lead to higher local CPM cost allocation as compared to an LSE with load in a single TAC area

### System and Local obligation for LSEs with Load in multiple TAC areas cont.

- The CAISO proposes to modify Section 40.3.2(a) and develop software enhancements to allow for LSEs with load in multiple TAC areas to cap an LSE's local obligation at their applicable Demand and Reserve Margin requirements in each TAC area for the applicable month
  - This should reduce the local CPM cost allocation to be on par with LSEs who have load in a single TAC area

#### Stakeholder comments

- CALCCA did not oppose, and PG&E supported this proposal
- SCE also generally supported this proposal, but commented that LSEs that self-show resources outside their TAC area should not be assigned any local obligation
  - The CAISO will continue to defer to the CPUC on local RA obligation assignment
- SCE asked for further clarification regarding the history and purpose of the existing Tariff Section 40.3.2.(a) that caps and LSE's local obligation at their system obligation



#### Stakeholder Comments cont.

- CDWR requested that the CAISO modify its proposal to cap LSE's local obligation at their system obligation in both the annual and monthly time frame
- The CAISO does not support CDWR's request for expansion of this tariff provision, which is intended to make LSEs with load in multiple TACs on par with LSEs in single TACs, and views it as outside the scope of the initiative
  - the CAISO believes this request is detrimental to the Local RA program, designed from the beginning with the intention of eliminating year-long RMR contract
  - Local RA is an annual requirement, and LSEs must show contracted capacity for each month in the annual time frame
  - As a compromise, CAISO agreed to a proposal by SDG&E to cap local at system in the monthly time frame to provide additional capacity that can be used for substitutions



#### Allocation of System Attributes of Local RA Resources

- The system and local attributes of RA resources cannot be unbundled
- In recognition of this, the CPUC ordered the CPE to buy the bundled attributes of the resource and use CAM credits to allocate the system and flexible attributes of the resources to LSEs to help meet their own system and flexible RA obligations
- The CAISO proposes to implement separate fields in the LRA Credit templates in CIRA to accept and validate system CPE credits (similar to existing system CAM credits)
- The CAISO will require that all CPE system credits allocated to LSEs must match the exact quantity of local RA resources shown by the CPE (or that the LRA expects the CPE to show)



#### Allocation of Flexible Attributes of Local RA Resources

- The CAISO currently does not have the functionality to accept and validate flexible RA CAM credits
- The CAISO proposes to build and implement separate fields in the LRA Credit templates in CIRA to accept and validate the CPE flexible credits (similar to existing system CAM credits)
- The CAISO will require that all flexible credits allocated to LSEs match the exact quantity of flexible RA capacity shown by the CPE (or that the LRA expects the CPE to show)

#### Stakeholder comments

- CALCCA, PG&E and SCE supported the CAISO's proposal
- PG&E advocated that the CAISO adopt a default allocation methodology for the system and flex credits if the LRA does not allocate the credits
  - The CAISO does not believe a default methodology is feasible because the LRA would still be the point of failure
    - Either the LRA has to give the CAISO the credit allocation, or notify the CAISO which LSEs are represented by the CPE to apply the default allocation to



#### Clarification of CPM Process and Cost Allocations

- The CAISO proposes to modify the tariff to apply the existing Capacity Procurement Mechanism (CPM) process and cost allocation methodology to a CPE as outlined in Tariff Section 43A
- While the CAISO expects minor changes to this tariff section to recognize a CPE in these processes, CAISO will need to update its settlement systems to be able to allocate costs to a CPE in addition to individual LSEs in each TAC area

#### Clarification of CPM Process and Cost Allocations cont.

- After the annual and monthly showings deadline, the CAISO will look at the entire portfolio of shown RA resources to validate that the procured portfolio satisfies the capacity and energy requirements identified in the LCR study
- If a deficiency is identified, the CAISO will offer a CPE and its LSEs an opportunity to cure the deficiency per Section 40.7

#### Clarification of CPM Process and Cost Allocations cont.

- The CAISO has discretion to determine if additional capacity is needed to fulfill any remaining identified need
- The CAISO will first designate an individual deficiency in Local Capacity Area Resources and allocate cost proportionally to all deficient LSEs and CPEs vis-à-vis their obligation in the TAC area that includes the deficient area and/or sub-area
- Any remaining local capacity deficiency in the year ahead timeframe will be filled through a collective local CPM and allocated pro-rata to all LSEs with load in that respective TAC area



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#### Clarification of CPM Process and Cost Allocations cont.

- Since under the current construct, a CPE is not assigned a load share, it would not be allocated CPM costs associated with a Collective Local CPM, System CPM, Significant Event CPM or Exceptional Dispatch CPM
- In the future, were an LRA to assign a CPE a system or flexible RA obligation, the CAISO would have to open a separate stakeholder process to consider additional tariff modifications

### CPM Cost Allocation under the CPUC's Hybrid Procurement Framework

- As a general principle, the CPM cost allocation for an individual local RA deficiency will follow the entity assigned the local obligation by the LRA
  - CPM backstop costs will be allocated according to how the LRA apportioned the local capacity obligation upfront
  - If the CPUC assigns the entire local obligation to the CPEs, as specified in D.20-06-002, then the CPEs will carry the entire risk for backstop costs related to individual local CPM designations

### CPM Cost Allocation under the CPUC's Hybrid Procurement Framework

- The CPUC PD in R. 21-10-002 ordered:
  - "The following requirements are adopted for non-performance of self-shown local resources:
    - a. If the California Independent System Operator (CAISO) makes a local Capacity Procurement Mechanism (CPM) designation, the central procurement entity (CPE) shall be charged any associated CAISO backstop procurement costs, including for the non-performance of self-shown resources." (pp. 58)
- The CPUC then provides guidance on how the CPE would allocate CPM costs to LSEs under different reasons for failure to self-show
- The CAISO believes its final proposal is compatible with the Commission's proposed order, and no further modifications are necessary



#### RA credits from CPM designations

- Currently, only LSEs can receive RA credits from applicable CPM procured resources, and LRA are allowed to determine whether these credits should be allowed to count towards the RA requirements adopted by the LRA
- The CAISO proposes to modify this rule to allow CPEs to receive RA credits from CPM procured resources associated with the LSEs they are representing
- The CAISO proposes to allow LRAs to reallocate these credits as they see fit amongst its CPE(s) and LSE(s) in the same way they can reallocate RMR credits among their jurisdictional entities today

#### RMR cost allocation and credits

- For resources that the CAISO deems as Reliability Must Run units, the CAISO allocates the cost of these resources to LSEs proportional to their load share in each applicable TAC area(s)
- The CAISO does not propose any modifications of the cost allocation methodology for RMR to account for the CPE, and will continue to allocate costs directly to LSEs
- The CAISO will continue to give the CPUC the RMR credits to allocate to its jurisdictional LSEs or CPEs, and the CPUC can decide if it would like to allocate the local attributes of the resource to the CPEs and system and flex attributes to LSEs, and the CAISO will accept this allocation



#### Stakeholder Comments

- The CAISO received mixed feedback on its proposal to include the CPE into existing CPM processes
- CDWR and SCE generally support the CAISO's proposal
- CALCCA does not oppose the CAISO proposal, and advocated that the CPE should receive the CPM cost allocation for both individual and collective local deficiencies
  - The CAISO has not changed its proposal, and will continue to allocate collective local deficiencies to LSEs on a pro rata basis
- MRP commented that only to the extent the CPE's re-allocation of CPM costs to its LSEs uses a different methodology than the pro rata basis used by the CAISO does it make sense to allocate costs directly to the CPE
  - To allow the CPUC sufficient flexibility to administer the hybrid framework and to maintain cost causation principles, the CAISO will continue to allocate costs the entity assigned the local obligation by the LRA



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#### Stakeholder comments cont.

- PG&E reiterated their comments on the straw proposal where they offered an alternate proposal for CPM cost allocation of local RA deficiencies
- They suggested the CAISO modify its tariff to allow LRA's to determine their own cost allocation methodology for individual local deficiencies and the CAISO would have default provisions
  - The CAISO does not support this proposed alternative because it could break cost causation principles - in that the CPUC could assign costs to an entity that was not responsible up front for meeting the local RA obligation
  - If the CPUC wants the cost assigned to a different entity other than the CPE, then the CPUC would need to allocate the local requirement to that entity prior to showings and the CAISO's CPM process running, not after the fact. The proposed order continues to direct the CAISO to allocate CPM costs directly to the CPE



# RAAIM SETTLEMENT MODIFICATION PROPOSAL



#### Background on RAAIM Settlement Process

- RAAIM consists of a system of non-availability charges and availability incentive payments to scheduling coordinators of RA resources
- These charges and credits are determined for each individual RA resource based on an assessment of how often during the each calendar month that capacity was bid into the CAISO's real-time market
  - If a resource falls below 94.5 percent of its must offer obligation, the CAISO assess a non-availability charge for the month
  - If the resource's availability exceeds 98.5 percent of its must offer obligation, it is eligible for an availability incentive payment for the month
  - If the resource falls between 94.5-98.5 percent, it does not receive a charge or payment



#### Background on RAAIM Settlement Process cont.

- There is a limit placed on the amount of availability incentive payments that can be allocated in any month but not on the amount of non-availability charges collected
- Any excess non-availability penalties above this limit are carried forward from month to month and distributed as incentive payments if applicable
- At the end of the year, any remaining unallocated RAAIM penalties are distributed to metered demand (Generic) or LSE obligations (Flex)

#### RAAIM Settlement Process Challenges

- This mechanism has created several challenges that were discussed in a CAISO waiver request filed at FERC:
  - The carry-forward mechanism creates a financial issue when a settlement recalculation determines that an RA resource is due a refund or reduction of RAAIM charges
  - The only possible source for the refund is from the pool of RAAIM penalties distributed in subsequent months or at year end to metered demand or LSE obligation

## Figure 1: Initial Statement RAAIM Settlement and Invoice

#### Initial Settlement Statement

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Year End Distribution
Generic RA and CPM		J					
Non-Availability Charges							
Assessed	\$3,030,986	\$2,038,910	\$2,566,206	\$4,606,974	\$3,929,650	\$3,970,495	-
Incentive Payment	\$(2,157,973)	\$(2,282,794)	\$(2,227,271)	\$(1,465,107)	\$(922,565)	\$(1,092,855)	\$(9,994,656)
Generic RA Carryover Amount	\$873,013	\$629,129	\$968,064	\$4,109,931	\$7,117,016	\$9,994,656	-
Flex RA and CPM							
Non-Availability Charges Assessed	\$460,097	\$740,015	921,361	928,693	821,771	1,209,131	-
Incentive Payment	(460,097)	(740,015)	(840,453)	(1,009,601)	(821,771)	(1,209,131)	-
Flex RA Carryover Amount	-	-	80,908	-	-	-	-

							Year End
Initial Settlement Invoice	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Distribution
Net RAAIM Assessment Charge	3,491,083	2,778,925	3,487,567	5,535,667	4,751,421	5,179,626	
Net RAAIM Incentive Payment	(2,618,070)	(3,022,809)	(3,067,724)	(2,474,708)	(1,744,336)	(2,301,986)	(9,994,656)
RAAIM Balancing Account	873,013	629,129	1,048,972	4,109,931	7,117,016	9,994,656	(9,994,656)



### Figure 2: Recalculation Statement and Invoice

Settlement Recalculation
Statement

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Year End Distribution
Generic RA and CPM							
Non-Availability Charges Assessed	2,585,986	2,038,910	2,566,206	4,606,974	3,929,650	3,970,495	-
Incentive Payment	(2,157,973)	(2,282,794)	(2,227,271)	(1,465,107)	(922,565)	(1,092,855)	(9,549,656)
Generic RA Carryover Amount	428,013	184,129	523,064	3,664,931	6,672,016	9,549,656	-
Flex RA and CPM							
Non-Availability Charges Assessed	460,097	740,015	921,361	928,693	821,771	1,209,131	-
Incentive Payment	(460,097)	(740,015)	(840,453)	(1,009,601)	(821,771)	(1,209,131)	-
Flex RA Carryover Amount	-	-	80,908	-	-	-	-

							Year End
Recalculation Invoice	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Distribution
Net RAAIM Assessment							
Charge	3,046,083	2,778,925	3,487,567	5,535,667	4,751,421	5,179,626	-
Net RAAIM Incentive							
Payment	(2,618,070)	(3,022,809)	(3,067,724)	(2,474,708)	(1,744,336)	(2,301,986)	(9,549,656)
Net Invoice Amount	(445,000)	-	-	-	-	-	445,000



#### RAAIM Settlement Example

- A comparison of the settlement invoice of RAAIM charges and payment between the Initial Settlement statement (Figure 1) and the Recalculation Settlement Statements (Figure 2) indicates that change in RAAIM obligation for July 2020 due to dispute resolution results in the ISO having to fund the \$445,000 net invoice change for seven months
- There is this seven month ISO funding period because the \$445,000 needs to be collected from the participants which received the Year End distribution

#### RAAIM Settlement Modification Proposal

- The CAISO proposes to modify the current RAAIM settlement processes to eliminate the rule that unavailability charges assessed in excess of the monthly cap will roll-over to fund allocations in future months
- Rather than rolling excess funds into the next month, the CAISO proposes to allocate the excess based on activity in that trading month according to the allocation formula that currently applies to the year-end allocation
- The CAISO will allocate any excess RAAIM charges for Generic RA or Flexible RA to metered demand

## Figure 3: New RAAIM Initial Settlement

#### Initial Settlement Statement

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Generic RA and CPM						
Non-Availability Charges Assessed	3,030,986	2,038,910	2,566,206	4,606,974	3,929,650	3,970,495
Incentive Payment	(2,157,973)	(2,038,910)	(2,227,271)	(1,465,107)	(922,565)	(1,092,855)
Monthly Distribution	(873,013)	-	(338,935)	(3,141,867)	(3,007,085)	(2,877,640)
Flex RA and CPM						
Non-Availability Charges Assessed	460,097	740,015	921,361	928,693	821,771	1,209,131
Incentive Payment	(460,097)	(740,015)	(840,453)	(928,693)	(821,771)	(1,209,131)
Monthly Distribution	-	-	80,908	1	1	-

Initial Se	ettlement Net Invoice	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Net RAA	IM Assessment Charge	3,491,083	2,778,925	3,487,567	5,535,667	4,751,421	5,179,626
Net RAA	IM Incentive Payment	(2,618,070)	(2,778,925)	(3,067,724)	(2,393,800)	(1,744,336)	(2,301,986)
Netraa	nivi incentive rayment	(2,018,070)	(2,778,923)	(3,007,724)	(2,333,800)	(1,744,330)	(2,301,980)
RAAIM	Monthly Distribution	(873,013)	-	(258,027)	(3,141,867)	(3,007,085)	(2,877,640)



### Figure 4: New Recalculation Settlement and Invoice

#### Settlement Recalculation Statement

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Generic RA and CPM						
Non-Availability Charges Assessed	2,585,986	2,038,910	2,566,206	4,606,974	3,929,650	3,970,495
Incentive Payment	(2,157,973)	(2,038,910)	(2,227,271)	(1,465,107)	(922,565)	(1,092,855)
Generic RA Carryover Amount	(428,013)	-	(338,935)	(3,141,867)	(3,007,085)	(2,877,640)
Flex RA and CPM						
Non-Availability Charges Assessed	460,097	740,015	921,361	928,693	821,771	1,209,131
Incentive Payment	(460,097)	(740,015)	(840,453)	(928,693)	(821,771)	(1,209,131)
Flex RA Carryover Amount	-	-	80,908	-	-	_

Recalculation Invoice	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Net RAAIM Assessment Charge	3,046,083	2,778,925	3,487,567	5,535,667	4,751,421	5,179,626
Net RAAIM Incentive Payment	(2,618,070)	(2,778,925)	(3,067,724)	(2,393,800)	(1,744,336)	(2,301,986)
Net Monthly Distribution	(428,013)	-	(258,027)	(3,141,867)	(3,007,085)	(2,877,640)
Net Invoice Amount	-	1		1		-



#### RAAIM Settlement example with proposed changes

- CAISO settlement system will allocated any excessive RAAIM funds to measured demand in the month that the excess occurs
- Figure 3 and Figure 4 demonstrates the settlement charges and payment for Trade Period July 2020 to December 2020
- Figure 4 highlights the settlement of RAAIM charges and payment when a participants RAAIM obligation changes in the Settlement recalculation statement/invoice from the Initial Settlement Statement/Invoice
- The RAAIM obligation become isolated to the month in which the obligation change occurred and not carried over to future period because the excess RAAIM distribution delta offsets the RAAIM Assessment delta
- In other words, the settlement system will collect \$445,000 from measured demand in order to payback the participant(s) whose RAAIM obligation was reduced by \$445,000



#### RAAIM Settlement Modification Proposal Benefits

- Eliminating the monthly roll-over ensures that the resettlement issues that necessitated the CAISO's April 10, 2020 waiver filing will not recur
- Allocating excess funds based on metered demand will simplify the calculation
- Allocating the excess funds to metered demand, LSEs will be compensated for resources that did not perform in accordance to their RA contract obligations
- This will address the burden on the CAISO's reserve account by ensuring that RAAIM settlements charges and credits all take place within the month in which they are incurred

#### Stakeholder Comments

- The CAISO received supportive comments from CALCCA, PG&E, and SCE on these proposed changes
- PG&E strongly supports the elimination of the RAAIM carry-forward mechanism, and believes the CAISO is well-justified to move to a more simplified and fair process to distribute the excess RAAIM charges
- CDWR did not object

#### Stakeholder comments cont.

- Middle River Power continued to oppose this policy change, and argue that CAISO has not clearly articulated why its proposal is better than other alternatives to solve the problem
- MRP understands the identified issue to be if there is a refund obligation that arises when there are insufficient unallocated RAAIM penalty funds to pay the generator, but don't understand why the CAISO is unable to prioritize refunds to be paid out of surplus RAAIM penalty roll-overs because of neutrality rules within the Tariff
  - The CAISO has provided illustrative example of the settlement issue, and how the CAISO's proposal would address the issue to provide additional clarity

#### Stakeholder comments cont.

- MRP believes this proposal would create fewer incentives for resources to maintain reliability in the long run, because there may not be sufficient funds to pay the 3X incentive cap
- MRP advocates that the CAISO use penalty funds collected in the month, along with any roll-over RAAIM surpluses to pay a refund before paying out any incentive payments, as an alternative to the CAISO's proposal to eliminate the monthly-roll over
  - CAISO appreciates MRP suggestion, however, Figure 1 and 2 demonstrate that even if the ISO adopts a First In, First Out methodology, the ISO's clearing of the market would still require the ISO to fund the RAAIM obligation change between July 2020 and year-end distribution



## **EIM GOVERNING BODY ROLE**



# Initiative scope falls outside of the EIM Governing Body joint authority

- None of the tariff rule changes currently contemplated in this initiative would be "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"
- The proposed tariff rules would be applicable "only to the CAISO balancing authority area or to the CAISOcontrolled grid"
  - The scope of this initiative falls outside the scope of joint authority

# Initiative scope falls outside of the EIM Governing Body advisory role

- The "EIM Governing Body may provide advisory input over proposals to change or establish tariff rules that would apply to the real-time market but are not within the scope of joint authority"
- No aspects of this initiative would apply or impact the real time market, therefore this initiative also falls outside of the EIM Governing Body advisory role
- Stakeholder comments were generally supportive of this EIM Governing Body classification, and no objections were raised

# **NEXT STEPS**



#### Comments

- Stakeholders are asked to submit written comments by March 1, 2022 through the commenting tool.
- A comment template will be posted on the CAISO's initiative webpage here: <a href="https://stakeholdercenter.caiso.com/Stakeholderlnitatives/Central-procurement-entity-implementation">https://stakeholdercenter.caiso.com/Stakeholderlnitatives/Central-procurement-entity-implementation</a>

