



California ISO

Clarification to the Reliability Must Run Designation Process Issue Paper

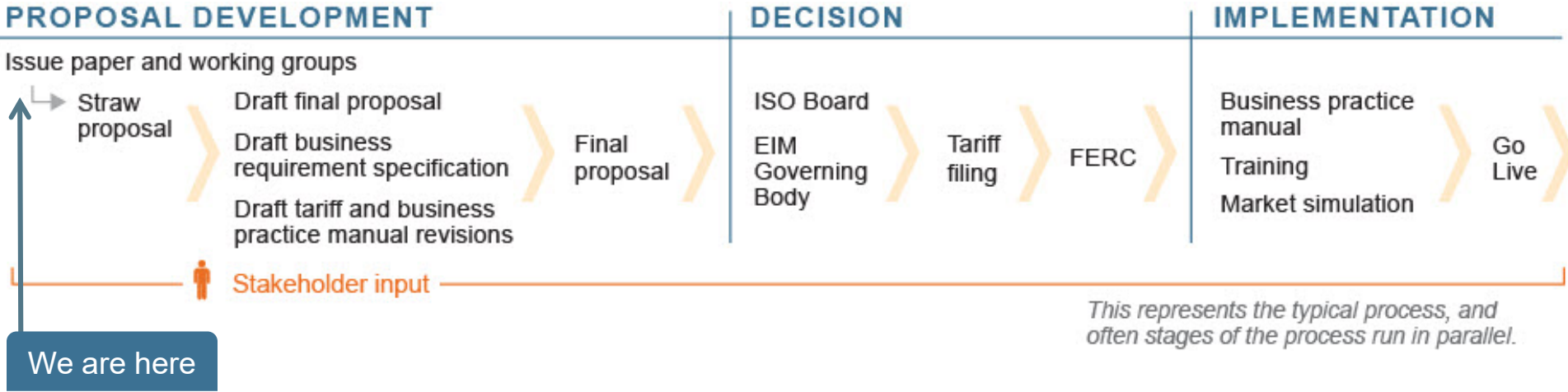
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Stakeholder Call

August 17, 2021

CAISO Policy Initiative Stakeholder Process



Agenda

- Introduction and Background
- Purpose of stakeholder initiative
- Issues to consider when choosing the primary reliability need
- Time required to mitigate local and system reliability needs
- Open Discussion
- Initiative schedule
- Next Steps

Introduction and Background:

- During the July Board meeting, the ISO proposed and the Board approved Reliability Must Run designation for Agnews Power Plant for local reliability reasons as described in the 2022 Local Capacity Technical study.
- Tariff section 41.2 “Reliability Studies and Determination of RMR Status” specifies that in addition to the Local Capacity Technical Study under 40.3.1, the ISO may perform additional technical studies, as necessary, to ensure generators are retained for compliance with Reliability Criteria.
- PG&E and Cal-CCA pointed out that the Tariff and Reliability Requirements BPM are not clear if local or system are considered the primary Reliability Must Run (RMR) designation when both local and system wide reliability needs exist.
- At the Board direction, the ISO is opening a stakeholder process in order to clarify the primary reliability need.

Purpose of stakeholder initiative

- The purpose of this initiative is to clarify the Reliability Must Run (RMR) designation type (local or system) when more than one reliability reason for designation exists.
- The reliability need triggers the cost allocation as well as the resource adequacy credits allocation of the Reliability Must Run contract.
 - Per ISO Tariff section 41.9 “the ISO will allocate Reliability Must-Run costs not recovered through market revenues to the Scheduling Coordinators for Load-Serving Entities that serve load in the TAC Area(s) in which the need for the RMR Contract arose”.
 - Per ISO Tariff section 41.8 “the ISO will provide Resource Adequacy credits to the Scheduling Coordinators of Load-Serving Entities that serve load in the applicable TAC Area(s) in which the need for the RMR Contract arose equal to the Load-Serving Entity’s pro rata share of the eligible net qualifying capacity of the RMR Resource”.

Issues to consider when choosing the primary reliability need:

- Historically, ISO has considered local the primary reliability need.
 - Have not had system RMR until the 2021 system need
- If primary need is local, the responsible utility, within the TAC(s) bearing the RMR local costs, has the incentive to invest in the needed infrastructure to eliminate the local reliability need.
- The customers located in the TAC(s) where the local reliability need exists will benefit the most from the RMR contract.
- Generally there is a premium paid for local resources. The “local” RA credits will not be valuable for LSEs with load in other TAC(s).
- If system wide need is considered primary need than all current local Reliability Must Run contracts will have to be designated and converted to system wide Reliability Must Run contracts (including cost and Resource Adequacy credit allocations) for as long as the system reliability need exists.

Local needs take a long time to be mitigated:

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Oakland 1 & 3 (110 MW)	Local	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	TBD
Oakland 2 (55 MW)	Local	Y	Y	Y	Y	Y	Y	Y	Y	Y		
Huntington Beach 3&4 (synchronous condensers – 0 MW)	Local		Y	Y	Y	Y	Y					
Yuba City (45 MW)	Local							Y	Y			
Feather River (45 MW)	Local							Y	Y			
Metcalf Energy Center (593.2 MW)	Local							Y				
Greenleaf II (49.2 MW)	Local									Y	Y	TBD
Channel Island (27.5 MW)	Local									Y	Y	TBD
E.F Oxnard (47.7 MW)	Local									Y		
Midway Sunset (248 MW)	System										Y	TBD
Kingsburg Cogen (34.5 MW)	System										Y	TBD
Agnews (28.56 MW)	Local										Y	Y



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Open discussion

Initiative Schedule

- Post issue paper – August 10
- Stakeholder call – August 17 – comments by August 31
- Post straw proposal – September 21
- Stakeholder meeting – Sept. 28 – comments by Oct. 12
- Post draft final proposal – November 2
- Stakeholder call – Nov. 9 – comments by November 23
- Board of Governors Meeting – December 2021
- FERC filing after Board approval – Exact date TBD

Next Steps

- Comments due by end of day August 31, 2021
- Submit comments using the template provided on the initiative webpage located here:
<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Clarifications-to-reliability-must-run-designation-process>

Thank you for your participation.