
CPUC Update for CAISO Board Meeting

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Resource Adequacy

- Long Term Resource Adequacy
 - On target for February '08 Decision
- Joint Staff Report on Capacity Markets
 - Release Date - November 2
 - Productive inter-agency cooperation
 - Incorporates CAISO stakeholder meetings and CPUC workshops

Interim Capacity Procurement Mechanism

- CPUC is supportive of well-defined backstop procurement mechanism that is narrow in scope and appropriately priced
- Interaction with mainstream Resource Adequacy Program
- Two key points:
 - Definition of “significant event”
 - Price

Integration of *Existing* Retail Demand Response Resources with CAISO Wholesale Market Design

- The advent of scarcity pricing makes the availability of DR very important
- Success: CAISO-led working group produced User Guide to accommodate DR in RUC process
- Challenges remain: CAISO should recognize that DR is not a Generator
 - ✓ How does retail DR that does not fit the CAISO's definition of Participating Load play in wholesale markets?
 - ✓ CAISO technical and bidding requirements may act as barriers to greater participation
 - ✓ A flexible approach is necessary for DR – learn from other jurisdictions (PJM, ISO-NE)

Interconnection Streamlining

- Transmission is critical to meeting California's RPS goals
- The queue contains 69,000 MWs of interconnection requests (excluding those withdrawn), of which 38,500 MWs or 56 percent are renewables
- Reforming the interconnection process to provide rapid and orderly progress towards interconnection will help ensure California's RPS goals are met.
- Any solution package must contain two essential elements:
 - A retroactive solution to fix the existing logjam in the queue; and,
 - A forward looking solution to prevent a logjam from reoccurring

Location Constrained Resource Interconnection (LCRI)

- LCRI, combined with CPUC “backstop” cost recovery provisions, removes a major barrier to proactive transmission development for renewable resources
- CPUC has supported this initiative from the outset
- LCRI provides adequate safeguards (via required “generator interest”) against stranded transmission assets
- Going forward, it is essential to further integrate LCRI with network upgrades for renewables, with RETI/resource assessment, and with interconnection streamlining within an overall planning process
- The overall transmission planning process of which LCRI is a part must provide proactive signals to generators regarding their approximate cost exposures for transmission access, before those generators must make major financial commitments
 - It is important to have such signals before there is sufficient “interest” to justify construction