

## ATTACHMENT C



**CALIFORNIA ISO**

California Independent  
System Operator

# *Summer Reliability Generation Program Cost Recovery*

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ISO Governing Board  
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## PEAKER UPDATE - ISO UNDERSTANDING

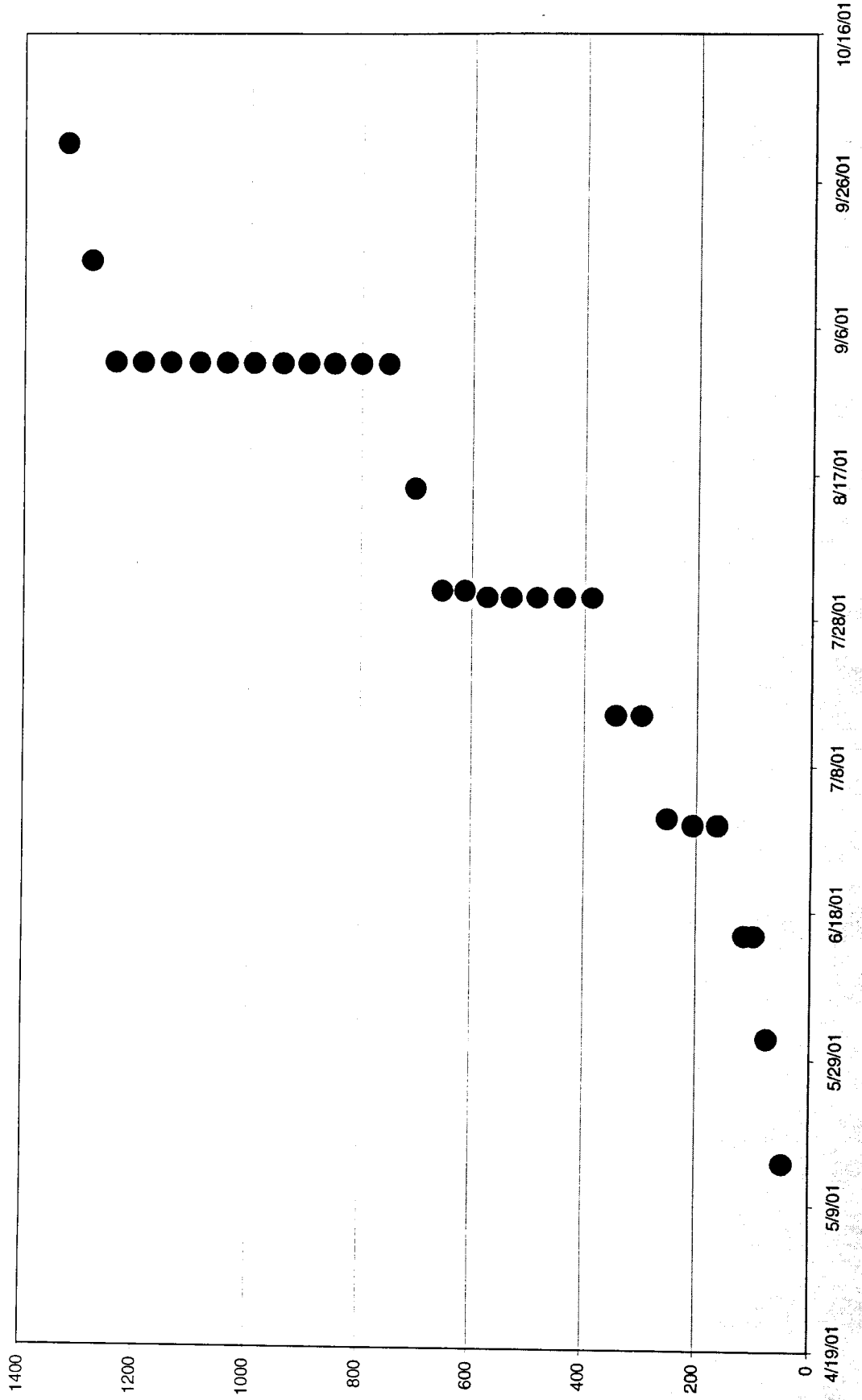
- 30 SRAs/projects, 1,324 MW
- Some agreements in principle, but no signed contracts with CDWR
- Development schedules continue to slip



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## Current Peaker In-Service Projections

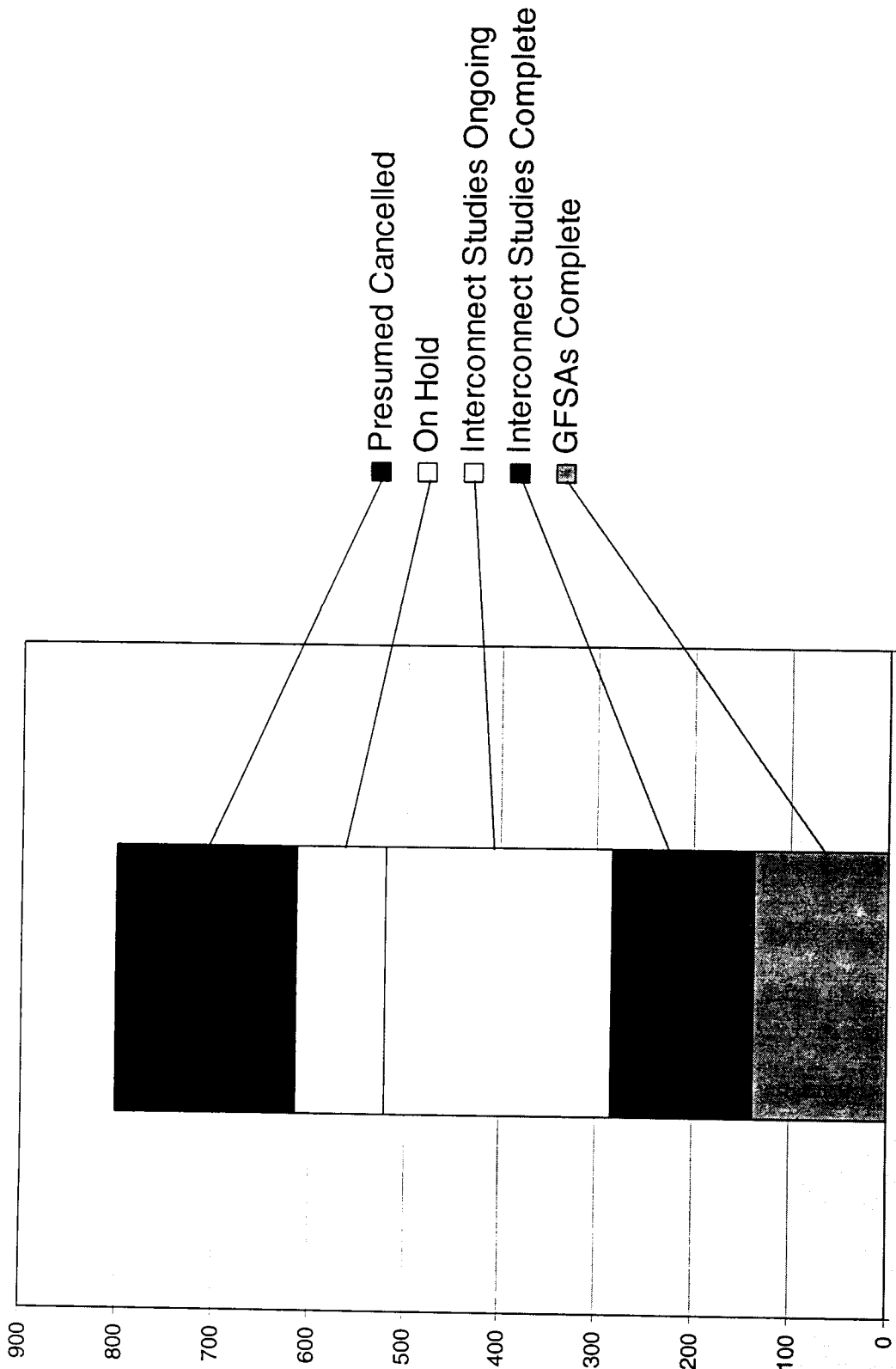




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## PG&E Report on Peakers





## Program Status

- ISO Contracts are for capacity only
- Summer Reliability Agreements sent to State team - early February
- State wants energy from Generators
- State still negotiating
- ISO may still need allocation mechanism



## **Program Purpose**

*ISO executed contracts with new generation because:*

- Resource deficiency in the State
- System-wide need, not local problem
- Capacity needed for peak periods



## Cost Recovery Options

1. Allocate to all Scheduling Coordinators based on metered Demand. *[Section 2.3.5.1.8]*
2. Allocate to all Scheduling Coordinators based on forward schedules that do not equal real-time Demands. *[Section 2.3.5.1.9]*
3. 50 - 50 split of above methods. *[No Tariff authority exists.]*





## Economic Impact

Based on data from last summer, assume the following:

Total metered Demand	107 Million MWh
Underscheduled Demand	5.35 Million MWh
Project Total Cost	\$221 Million
Project Total Capacity	1,324 MW

### Option Impact:

- 1 ~ \$2.06/MWh
- 2 ~ \$41.31/MWh
- 3 ~ \$1.03/MWh on total Demand plus  
~ \$20.65/MWh on underscheduled Demand



## Conclusion

This Summer Reliability Generation Program is to provide new generation to the ISO Control Area due to a State-wide deficiency. Allocation to all SCs is correct.



## Section 2.3.5.1.8 states:

*Except where and to the extent that such costs are recovered from Scheduling Coordinators pursuant to Section 2.5, all costs incurred by the ISO in any hour pursuant to any contract entered into under this Section 2.3.5.1 shall be charged to each Scheduling Coordinator pro rata based upon the same portion as the Scheduling Coordinator's metered hourly Demand (including exports) bears to the total metered hourly Demand (excluding exports) served in that hour.*



## Section 2.3.5.1.9 states:

*Costs incurred by the ISO pursuant to any contract entered into under this Section 2.3.5.1 for resources to meet any portion of the anticipated difference between forward schedules and the real-time deviation from those schedules shall be charged to each Scheduling Coordinator pro rata based upon the same proportion as the Scheduling Coordinator's obligation for deviation Replacement Reserve in that hour, determined in accordance with Section 2.5.28.4, bears to the total deviation Replacement Reserve in that hour.*