



Decision on extending transitional participating intermittent resource program protective measures

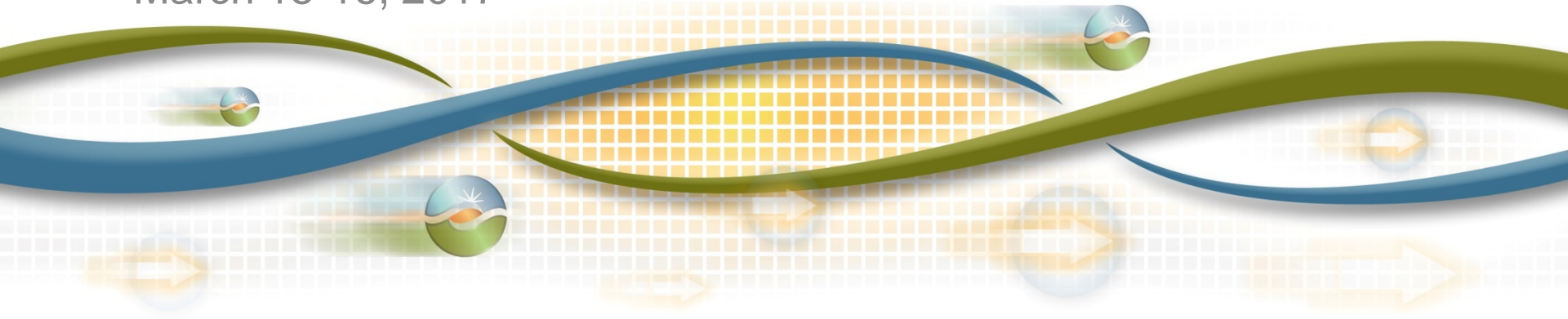
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The Participating Intermittent Resource Program (PIRP) was established in 2002.

- Resource provides necessary meteorological data to enable ISO to develop forecast
- In real-time, SC self-schedules hourly forecast established 90 minute before operating hour
- 5-minute deviations from hourly forecast are netted over a month and settled at monthly average 5-minute price

In June 2012, FERC Order 764 required renewable resources to provide meteorological data and required ISO to offer 15-minute scheduling in real-time

FERC Order 764 market design changes oriented real-time market around renewable resources.

- Introduced 15-minute market and settlement
 - Reduced amount of energy settled at more volatile 5-minute market
- Enabled more granular forecasting closer to actual flow
- Provided ability to use economic bids to determine if dispatched to forecast level

September 2013 PIRP protective measures approved for renewable resources that couldn't take advantage of Order 764 functionality immediately.

To qualify:

1. Physically incapable of responding to dispatch and the resource is responsible for real-time energy settlement
2. Physically capable of responding to dispatch and the resource is responsible for real-time energy settlement, but is contractually prohibited from responding to economic dispatch.
3. During the term of the transition period, seek modifications to their power purchase agreement or a new power purchase agreement that address imbalance energy settlement and/or will take steps to upgrade the resource so that it can respond to CAISO dispatch instructions.

Management has reviewed if protective measures should be extended.

Management recommends that protective measures be extended one year to April 30, 2018

- Commenters highlight that contract renegotiations are nearly completed, but may not be approved before May.
- Allow all approved resources additional time for physical upgrades or contract negotiations.
- No change to cost allocation given protective measures will expire on April 30, 2018.

Stakeholder are divided on extending protective measures

- CalWEA and resource owners who commented request that protective measures last until the contract expires or renegotiated contract is approved.
- Load serving entities do not support extending or maintaining the existing cost allocation.
- PG&E does not support extending because they believe it will interfere with their contract negotiations

Management recommends approval of a one year extension for protective measures.

- Resource owners have stated that they are nearly complete with contract renegotiations.
- All existing resources should be afforded additional time to resolve both physical and contractual limitations.
- Incurring implementation costs to modify the cost allocation are unwarranted given protective measures will expire on April 30, 2018.