



California ISO

Decision on capacity procurement mechanism enhancements track 1

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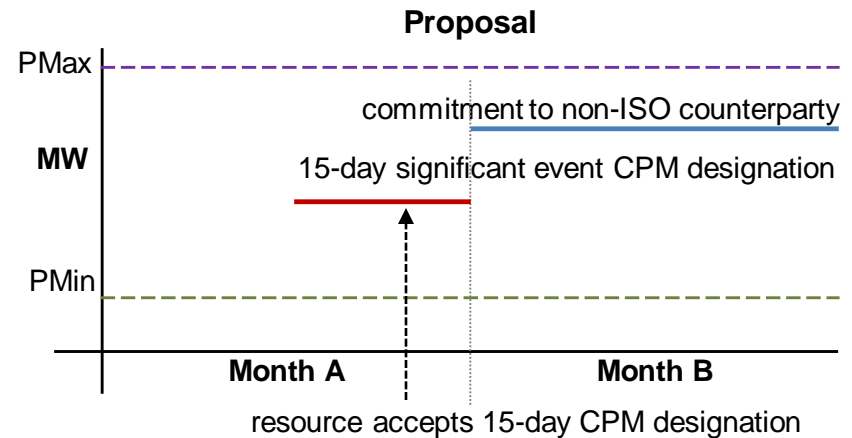
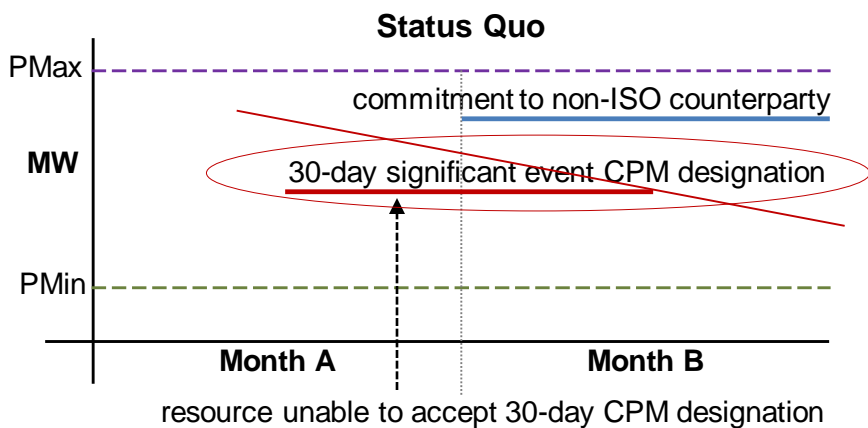
Backstop capacity procurement during tight summer conditions identified need for process enhancements

- Capacity procurement mechanism (CPM) authority is used to address resource adequacy deficiencies and other reliability concerns, including significant events
- Existing rules can impede significant event CPM designations, even when capacity is available
- Proposal removes certain procurement restrictions to provide more access to uncontracted capacity

Management proposes limited changes to allow procurement of resources otherwise unavailable for full amount of CPM designation

- Allow for flexibility of MW quantity assigned for significant event CPM designations
 - Enables reductions to significant event CPM awards when the designation period overlaps with upcoming alternative commitments such as prior CPMs, resource adequacy or reliability must run contracts
 - Authority currently exists for exceptional dispatch CPM awards
- Allow significant event and exceptional dispatch CPM designated capacity to take on new resource adequacy obligations after the CPM designation has been accepted
 - New RA obligations must be shown to the ISO as RA capacity through the regular RA showing process
 - Non-RA commitments *cannot* be made after the ISO makes a CPM designation

Proposal allows resources ability to accept shorter-term significant event CPM designations when the designated capacity is unavailable for full term of CPM designation



Management also proposes to improve CPM reporting and noticing

- Enhance CPM designation reporting by using the open access same-time information system (OASIS)
- Extend the CPM designation market notice deadline from two business days to five business days to ensure sufficient time for accurate reporting

Stakeholder Feedback

- Stakeholders were generally supportive of the initiative
- Proposal was modified to address stakeholder feedback
 - Included proposal to allow significant event and exceptional dispatch CPM designated capacity to take on new resource adequacy after the CPM designation
 - Added flexibility for resources, “at the discretion of the resource scheduling coordinator”, to accept shorter-term significant event CPM designations.

Management recommends the ISO Board of Governors approve the CPM enhancements track 1 proposal

Changes will allow the ISO to benefit from the ability to access more uncontracted capacity in the CPM process and improve CPM process efficiency and accuracy