Proposed Framework for CAISO Flexible Capacity Procurement

PREPARED FOR:

CAISO FRACMOO2 WORKING GROUP

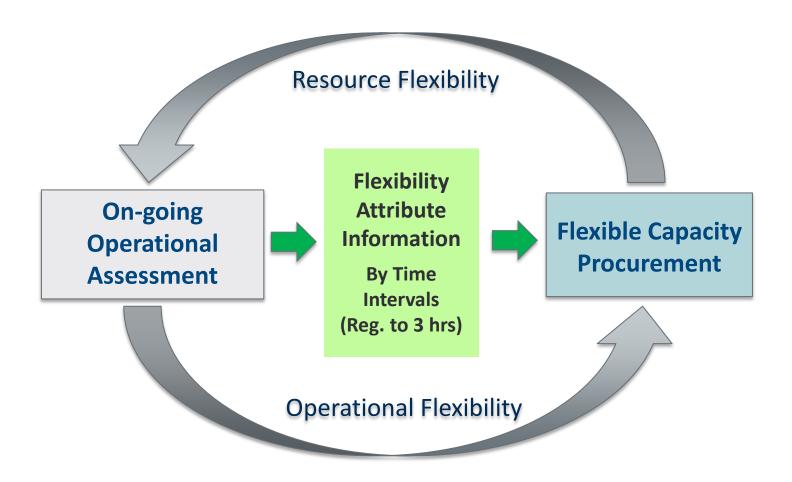
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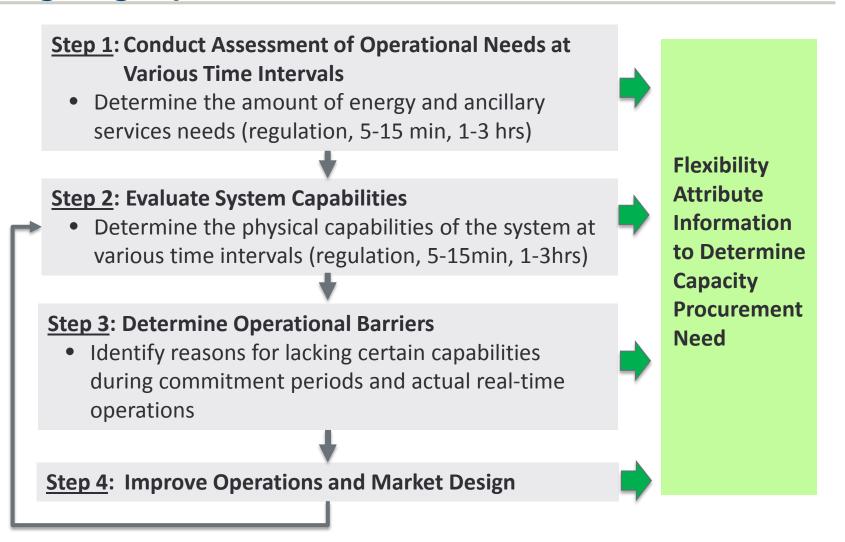
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Draft Framework for Flexible Capacity Procurement

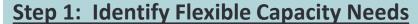


On-going Operational Assessments



Flexible Capacity Procurement

Flexibility
Attribute
Information
Gathered
through the
On-going
Operational
Assessment



Assess need for resource attributes and characteristics:

- Determine current flexibility needs and related resource characteristics
 - Regulation, 5-15 min, 1-3 hour ramping needs
- Determine likely future policy requirements and renewable deployment
- Project how flexibility need will likely evolve over time



Step 2: Specify Flexible Capacity Procurement Quantities

- a. Define <u>products</u> for procurement
 - Products to optimally utilize resources, minimize participation barriers
 - Determine qualifications and performance requirements
- b. Translate flexibility need into <u>quantity</u> of products needed for near-term (next RA procurement) and longer-term (3+ years)
 - Determine quantities and procurement time frame
 - Prioritize types of capabilities/products for near-term needs



Integrated Operational & Procurement Framework

Flexibility

Attribute

Information

On-going Operational Assessments

Analyze Needs, Capabilities, and Barriers

- 1.Assess operational needs
- 2.Evaluate system capabilities
- 3.Determine operational barriers

Improve Operations and Market Design

Flexible Capacity Procurement

Flexible Capacity Needs

Assess need for resource attributes and characteristics by type and over time

Flexible Procurement Quantities

- 1. Define flexible capacity products
- 2. Determine quantity of products to be procured
- 3. Prioritize by product types & time horizon

Procure Flexible Capacity