



# Decision on Standard Capacity Product Phase II

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# Standard capacity product provides standard availability measures for resource adequacy resources.

- Resource adequacy requirements set to ensure enough capacity available to meet forecast loads.
- Standard capacity product sets minimum standards and incentives to increase availability of resource adequacy resources.
  - Standardization streamlines contracting negotiations.

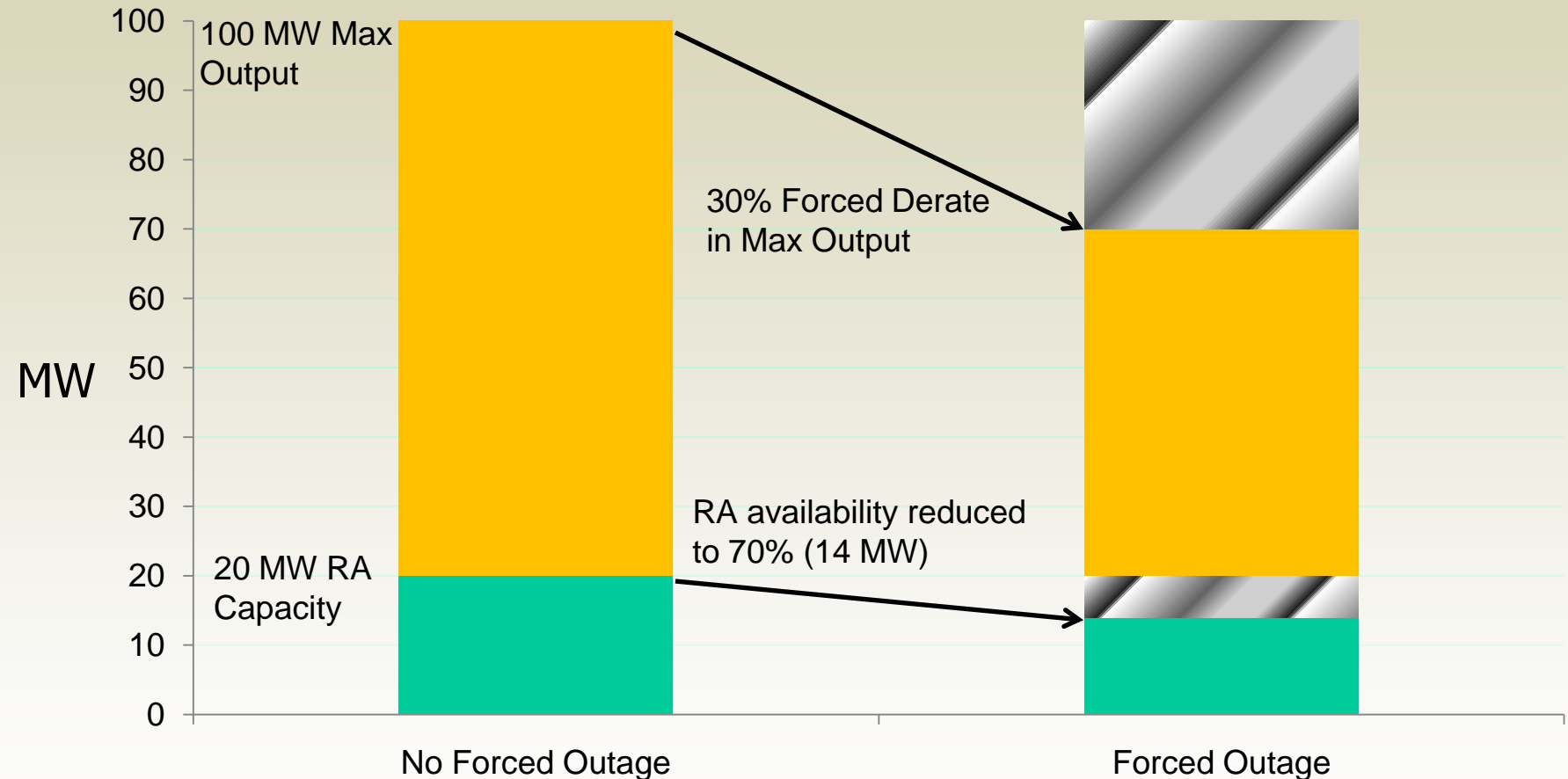
# Certain resource adequacy resources currently exempt from standard capacity product provisions.

- Standard capacity product initially exempted certain resources due to compatibility issues with CPUC rules and ISO tariff.
  - Resources whose resource adequacy eligibility is determined by historical output
    - Wind and Solar
    - Non-dispatchable cogeneration, biomass, and geothermal facilities
  - Demand response resources
- FERC directed the ISO to sunset the exemption as soon as possible.

# Variable energy resource adequacy resources require modified availability calculation.

- Qualifying capacity represents amount of resource capacity available for resource adequacy
- Qualifying capacity is based on historical energy production during peak hours
  - Qualifying capacity for variable energy resources is typically much lower than resource's maximum capability
- CPUC and local regulatory authorities are expected to revise rules to align with standard capacity product

# Proposed availability calculation based on proportional derate of capacity and actual energy delivered.



***If actual output is greater than calculated resource adequacy availability, then resource adequacy availability determined by actual output.***

# Proposal also includes modification of current standard capacity product tariff language.

- Remove non-ambient derates from tariff section describing types of outages that impact availability calculation.
  - Eliminates redundancy -- non-ambient de-rates are considered a forced outage
- Revise tariff section describing the allocation of availability incentive payments.
  - Current tariff limits allocation of excess funds to metered demand that is scheduled at one of the three default load aggregation points.
  - Proposed modification would allocate these funds to all metered demand.

# Proposed standard capacity product enhancements targeted to be in place for the 2011 resource adequacy compliance year.

Early June	File tariff language with FERC
Early August	Expected FERC Order
Summer/Fall	Contract negotiations/Annual resource adequacy showing
January 1	Begin 2011 compliance year

# Management requests Board approval for the proposed enhancements.

- Most stakeholder concerns are centered around application of the availability standard.
  - Variable energy resources – continue the exemption
  - Other resource adequacy resources – should not consider energy delivered
- Proposal provides a well balanced approach that:
  - provides availability incentives for variable energy resource adequacy resources,
  - addresses the unique nature of variable output resources, and
  - meets FERC compliance obligation.



# ISO is working with stakeholders to address implementation concerns with phase 1 of the standard capacity process.

- Effective administration of standard capacity product accounting between overlapping “forced” and “planned” outages
- Limitations on updates to generation outages based on cause
  - Ambient vs. Forced
  - Ambient vs. Not due to temperature
- Limitations in correcting inadvertent resource plan reporting errors