

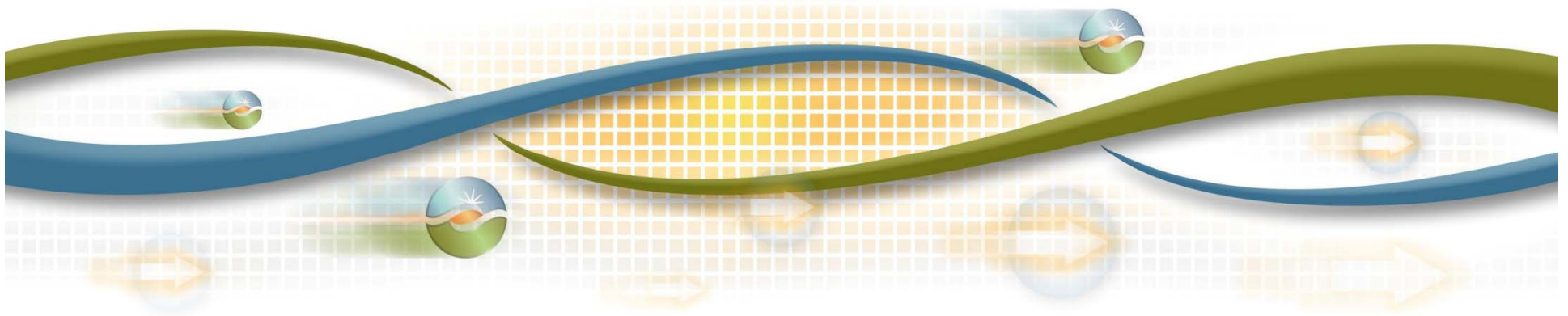


California ISO
Shaping a Renewed Future

Decision on Dynamic Transfers

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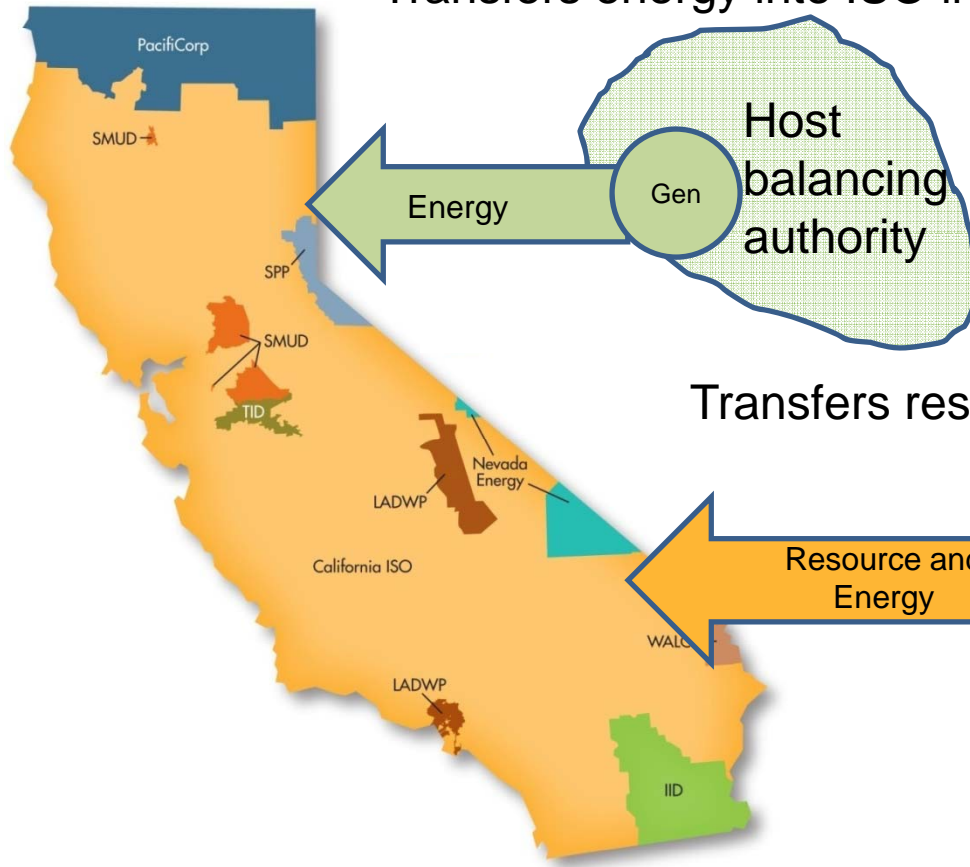
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Dynamic transfers allow external resources greater opportunity to deliver than hourly static schedule.

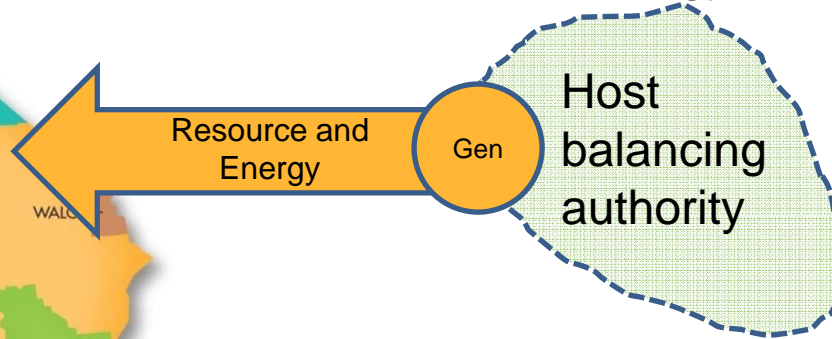
Dynamic Schedule

Transfers energy into ISO in real-time



Pseudo-Tie

Transfers resource and energy into ISO in real-time



Proposal clarifies existing tariff and extends dynamic transfers to renewable resources.

Feature	Current	Proposal
Resource eligible for dynamic transfer	Conventional-only	Extends to variable (renewable) resources
Pseudo-tie	Pilot (not in tariff)	Add to tariff
Transmission reservation	Based on energy schedule	Variable resources may use expected delivery
Schedule/Forecast Update	Based on actual delivery	Based on actual delivery or forecast
Compliance	Based on deviation band	Based on compliance with operating orders

Stakeholders request greater opportunities for dynamic transfers to address commercial needs.

- Stakeholders want to:
 - Meet renewable portfolio standards
 - Have additional options for using dynamic transfers
 - Ensure reliability while managing risks of market participation

GE Energy study: no reliability need for ISO to limit dynamic intermittent resource imports

- ISO will monitor operational impacts
- Market can self-manage market risks

Proposal addresses the following dynamic transfer issues:

Proposal	Applies to:	
	Dynamic Schedules	Pseudo-Ties
Transmission reservations, scheduling updates & forecasting, dispatchability & curtailment rules	Yes	Yes
Locational pricing	Yes	Yes
Pro rata allocation of deviations among BAAs	Yes	No
Aggregation of conventional & renewables	Yes	Yes
Generator-only BAAs	Yes	No
Dynamic exports	Yes	Yes
Layoffs from pseudo-ties	No	Yes
Multiple dynamic schedules	Yes	No
Non-firm transmission	Yes	No
Coordination with neighboring BAAs	Yes	Yes

After extensive stakeholder process there is broad stakeholder support for the proposal.

- PG&E recommends establishing a limit on the amount dynamic transfers, equal to the intertie import limit.


ISO response:

- ISO will monitor for operational impacts
- ISO will publish quantity dynamic transfers registered

- Powerex believes a gap exists related to procurement and cost allocation of balancing reserves for variable resources.

ISO response:

- ISO recommends moving forward with dynamic transfers under the existing reserve framework
- Reserve procurement and allocation issues need global resolution



Management recommends the Board approve the dynamic transfer proposal.

The dynamic transfer proposal will:

- Expand the opportunity for resources
- Assist in meeting renewable goals
- Ensure reliability while managing risks
- Coordinate with neighboring balancing authorities
- Leverage existing functionality and experience
- Be fully implemented by spring 2013