

## December 22, 2017 Year Ahead Local CPM Designation Report

### Designation Summary:

The ISO issued a Capacity Procurement Mechanism (CPM) designation to MOSSLD\_2\_PSP1, ENCINA\_7\_EA4, and ENCINA\_7\_EA5 under its authority to designate CPM Capacity based on scheduling coordinators' failure to demonstrate sufficient local capacity in individual annual Resource Adequacy plans (tariff section 43A.2.1.1) and failure collectively to procure sufficient capacity to ensure compliance with the Local Capacity Technical Study criteria (tariff section 43A.2.2).

### Duration, Quantity and Cost:

The designations are effective January 1, 2018, for a 12-month term, subject to adjustment and the payment provisions set forth in the CPM tariff provisions.

Based on discussions with the scheduling coordinator for the two Encina units, the ISO expects that the overall CPM designation quantity at the Encina Units will be reduced, through mutual agreement with the scheduling coordinator, on a MW-for-MW basis starting with the first day of the month for which a unit under-construction at the Carlsbad Energy Center is eligible to be shown in the monthly RA process. The Encina units and the Carlsbad Energy Center are co-located and currently controlled by the same entity.

Resource ID	MW	TAC Area	Code
MOSSLD_2_PSP1	510	PGE	Local Reliability Issue
ENCINA_7_EA4	272	SDGE	Local Reliability Issue
ENCINA_7_EA5	273	SDGE	Local Reliability Issue

The price for 490 MW of the Moss Landing resource is 6.19/kW-month, and the price for 20 MW of the resource is 6.31/kW-month, *i.e., the soft offer cap price*. The Moss Landing designation applies to the PG&E TAC Area.

The price of the capacity for each Encina unit is the applicable monthly soft offer cap of \$6.31/kw-month. The Encina designations apply to the SDG&E TAC area.

The total MWs of capacity from each unit that is being designated under section 43A.2.1.1 authority will vary month-by-month based on the extent to which individual scheduling coordinators were deficient in demonstrating local capacity as determined in section 40.3.2 of the ISO tariff. In a month where the combined individual scheduling coordinator deficiencies are below the total MW of CPM-designated capacity in the given TAC area, the difference between the total CPM-designated capacity in the TAC area and the total in individual deficiencies in the TAC area will be designated as capacity procured pursuant to authority under section 43A.2.2. *i.e., collective deficiency of local capacity area resources*. All other capacity will be deemed procured under the ISO's authority under section 43A.2.1.1.

**Reason for CPM:**

The ISO has performed technical analysis, including power flow studies, to assess the effectiveness of Generating Units under RMR Contracts, if any, and all Resource Adequacy Resources reflected in all submitted annual Resource Adequacy Plans and any supplements thereto, as permitted by the CPUC, Local Regulatory Authority, or federal agency and provided to the CAISO in accordance with Section 40.7, whether or not such Generating Units under RMR Contracts and Resource Adequacy Resources are located in the applicable Local Capacity Area.

The ISO analysis identified material capacity deficiencies for 2018 in the South Bay-Moss Landing sub-area, which is part of the Bay Area Local Capacity Area, and the San Diego-Imperial Valley Local Capacity Area. Specifically, the deficiencies in these two local capacity areas are relative to the Local Capacity Technical Study criteria provided in section 40.3.1.1 of the ISO tariff. The ISO's analysis also showed that there were both annual RA plan local capacity deficiencies and collective deficiencies in local capacity areas.

To address these material deficiencies, the ISO issued CPM designations for the capacity identified above.

Prior CPM report information is available to download at:

<http://www.caiso.com/market/Pages/ReportsBulletins/Default.aspx>