



California ISO

# Decision on conditional approval to extend existing reliability must-run contracts for 2023

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# Management requests conditional approval to extend certain reliability must-run contracts for 2023

- Reliability must-run (RMR) designations are extended when:
  - The ISO determines a reliability need in the local area or a system wide reliability need; and,
  - Resource adequacy (RA) capacity from specific units may not be contracted by a load serving entity.
- The ISO may also retain resource adequacy capacity under RMR designations if:
  - It needs certain reliability services not provided by the resource adequacy contract;
  - A unit may exercise market power for energy; or
  - Existing contractual arrangements may preclude the availability of that unit without an RMR contract.

## Conditional approvals are sought each year due to the schedule of events each September:

- In August, ISO Management develops next year's RMR recommendations for units currently under contract
- Management seeks conditional authority to extend contracts at the Board of Governors meeting held in August or early September
- September 15, load serving entities make preliminary RA showings with current RMR resources
- By September 30, Management reviews preliminary resource adequacy showings and makes determinations
- October 1 – Management sends extension or termination notices to resource owners

# Management recommends extending the RMR designations as set out below

- Extend existing **local** RMR contracts for 2023 based on 2023 local capacity technical study results conditional upon results of RA showings process:
  - Oakland 1 & 3 (Dynergy Oakland, LLC) - local
  - Greenleaf II Cogen (Starwood Energy Group) - local
- Extend existing **system** RMR contracts for 2023 based on assessment of 2024 supply conditions and procurement risk associated with high volume of authorized procurement for that year:
  - Channel Islands Power (CSU Channel Islands Site Authority) - system
  - Midway Sunset Cogen Units A-C (Midway Sunset Cogen Company) – system
- Resources that have received RA capacity contracts:
  - Kingsburg Cogen (KES Kingsburg LP) - will not be extended
  - Agnews Power Plant (O.L.S. Energy-Agnews, Inc.) – new RMR contract not required

# Management intends to take the following steps subject to conditional approval of the extensions

- Track the contract status of all the resources through to the end of September.
- Investigate potentially transitioning the two system RMR resources into the state strategic reserve.
- Report back the results of the RMR contract extensions at the October Board of Governors meeting.