

News Release

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ISO Board adopts market approach for backstop procurements

FOLSOM, Calif. – The California Independent System Operator Corporation (ISO) Board of Governors today approved a new mechanism for the ISO to step in and procure capacity that is needed in the event of a capacity resource insufficiency or market units that have decided not offer their capacity. The new mechanism will be a market-based approach as opposed to the current administrative method that uses a single fixed price. The existing backstop capacity procurement mechanism expires in February 2016. The Board approved proposal will be filed with the Federal Energy Regulatory Commission for its review and approval.

The proposed mechanism is the result of a significant stakeholder process in which an agreement was reached on the rules. The rules allow energy prices to reflect changing market conditions and a reasonable opportunity for suppliers to recover their fixed costs. See more at [this link](#).

The Board also reappointed Dr. James Bushnell to the Market Surveillance Committee for a new three-year term that ends March 2018. The independent four-person advisory committee provides its expertise and recommendations on market design and monitoring issues to ISO management and the Board. Dr. Bushnell has served on the committee for 13 years and is currently an associate professor in the Department of Economics at the University of California-Davis. He is a nationally recognized expert in the field of energy policy with an emphasis on market functions and behaviors. Here is the [reappointment memo](#).

The Energy Imbalance Market (EIM) continues to operate well and processes are improving. The Board was also told during the EIM briefing that power flows between the ISO and the market's first participant, Portland-based PacifiCorp, are providing cost savings to consumers in both regions. To see the EIM update in the CEO report [click here](#). For all other documents provided to the Board, [click here](#).

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The California ISO provides open and non-discriminatory access to one of the largest power grids in the world. The vast network of high-voltage transmission power lines is supported by a competitive energy market and comprehensive grid planning. Partnering with about a hundred clients, the nonprofit public benefit corporation is dedicated to the continual development and reliable operation of a modern grid that operates for the benefit of consumers. Recognizing the importance of the global climate challenge, the ISO is at the forefront of integrating renewable power and advanced technologies that will help meet a sustainable energy future efficiently and cleanly.