

Briefing on Potential Participating Intermittent Resources Program Tariff Filing

Keith Johnson
Senior Market and Product Developer
August 3, 2006

Presented to ISO Board of Governors
General Session

Background

- **Update Board on events through Aug 3**
- **Seeking Board input in preparation for a recommendation on Sept 7**
- **One of several PIRP tasks in Renewables Project:**
 - Improve accuracy of forecast
 - Explore tariff changes for exports
 - Change contract with forecast service provider
 - Implement changes to PIRP program
- **Addressing export issue now as “low hanging fruit”**
- **Other PIRP issues being resolved in parallel**

The Issue

- **Tariff allows special treatment or exemptions**
- **Costs associated with fluctuations in actual output vs. scheduled output were expected to be low. This has not materialized in practice.**
- **Tariff does not preclude exports of PIRP Energy**
- **Some PIRP facilities are exporting Energy**
- **Concerns exist that parties outside California benefit while not subject to supporting the costs of the program.**

Stakeholder Process

June 28	White paper posted
July 12	PIRP conference call
July 14	Stakeholders' position on exports due
July 18	Stakeholders' comments on options due
July 20	Materials for July 26 PIRP call posted
July 26	PIRP conference call
Aug 2	Materials for Aug 9 PIRP call posted
Aug 3	Board of Governors meeting (briefing)
Aug 9	PIRP conference call
Aug 15	Final stakeholders' position due
Sep 7	Board of Governors meeting (decision)
Sep 30	File ISO tariff amendment, if needed

Considerations

- **Regulatory requirements such as open access**
- **Intent of parties in developing PIRP**
- **Facilitating development of intermittent resources**
- **Unique value of PIRP Energy to load serving entities**
- **Quantification of costs**
- **Change cost allocation for uplift costs (to recipients of PIRP Energy, loads and exports, other?)**

Preliminary Options

- **ISO has not taken position on a particular option**
- **Currently seven options under consideration:**
 - Do nothing now, study issue more
 - Allow exports up to some threshold level
 - Do not allow exports (must serve ISO load)
 - Change current allocation of netted costs
 - Establish dedicated account for netted costs
 - Allow exports but add a service charge for firming
 - Allow exports only if dynamically scheduled

Next Steps

- **Incorporate Board's input**
- **Not yet clear if tariff amendment will be required**
- **Continue to work with stakeholders**
- **Poll stakeholders on their preferences**
- **Stakeholder comments well-documented for Board**
- **Report back to Board; request action at Sept 7 meeting**