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# Resource Adequacy Update

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ISO Board Meeting

July 18, 2007

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# Resource Adequacy Requirement (RAR)

- CPUC–jurisdictional Load Serving Entities (LSEs) include Currently 3 major Investor Owned Utilities (IOUs) and 12 Energy Service Providers (ESPs) operating in the CAISO control area
    - CPUC-jurisdictional entities represent about 90% of the CAISO peak load and energy use.
  - RAR is calculated using an LSE’s forecast peak load, by month, plus a reserve margin of 15%, for a total of 115% of forecast load.
    - LSE forecast load is based on a 1 in 2 year and baselined against the CEC forecast.
    - LSEs file their forecast load and the CEC performs a plausibility adjustment.
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# System RA Summer 2007 – CPUC

## Jurisdictional LSEs

	Jun.	Jul.	Aug.	Sept
Forecast Load	37,527	41,554	45,323	39,229
Demand Resp	2,201	2,286	2,287	2,288
RAR = (Peak Load - DR)*115%	40,625	45,158	49,491	42,482
RA Resources Including DR	51,264	51,107	52,606	48,702
RA Resources as % of Load	137%	123%	116%	124%

June through August – Month Ahead Filings; September – Year Ahead Filings

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# Local Resource Adequacy

- CAISO performed a Local Capacity Technical Analysis (also called the LCR study) that identified 10 local areas (New Area in Big Creek/Ventura for 2008) that require in-area generation to meet peak loads
  - Study is performed on a 1 in 10 forecast basis
  - Study provided Commission with two reliability options Category B and Category C based on NERC/WECC operating criteria
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## Local RAR Implementation – D.07-06-029

- Adopted CAISO Recommended Category C local procurement targets for reliability for 2007 and 2008
    - 5 Local Areas (LA Basin, Big Creek/Ventura, San Diego, Greater Bay Area, Other PG&E Local Areas)
  - Zonal RAR – LSE resource procurement limited by Path 26 transfer constraint
  - LSEs allocated transfer capability similar to the import allocation process
  - CAISO publishes a list of the qualifying capacity (generation units) located in each local area that is held static for the compliance year
  - LSE's Local RAR based on load shares in the IOU service territories
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# RA Implementation for 2008

- Decision 07-06-029 sets process and schedule
  - Coordinated with ISO RMR Selection process
    - Jul 19 – CPUC how-to workshop on 2008 guides and templates
    - Early August – CPUC workshop on transparency and process in the LCR study
    - Sep 19 - LSEs file preliminary Local RA Filing
    - Oct. 1- CAISO identifies RMR contracts to be renewed
    - Oct 31 – LSEs file Final Local and System RA Filing
    - Nov. 1 – CAISO analyzes RA Filings to determine “Residual Need”
    - Jan 25 - CAISO hosts meeting on 2009 LCR
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## Track 2: Long-Term RA Program Issues

- Centralized capacity market, bilateral trading, and alternative market design
  - Issues to be addresses independent of final market design include
    - Registration/tagging for RA capacity
    - Multi-year RAR
    - LSE opt-out from cost allocation mechanism (D.06-07-029)
    - Coordination of RA program with MRTU as necessary
    - Portfolio diversity requirements for resource mix and ancillary services
    - Market power mitigation
    - Planning Reserve Margin
  - Joint ISO/CPUC Staff Report scheduled for November 2
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## Next steps – Track 2

- Workshops in late August to discuss specifics of capacity markets and other Track 2 issues
  - Nov 2 joint CPUC/CAISO staff report to lay out what technical aspects a capacity market proposal must contain
  - January 2008 Policy Decision on market design
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## Track 3 – Small and Multi Jurisdictional LSEs

- RA Program to be administered to all LSEs, including electric coops, small LSEs, and Multijurisdictional LSEs.
  - Track 3 Schedule adopted by ALJ Ruling
    - August 24<sup>th</sup> – Supplemental Track 3 Showings
    - Mid September – LSEs may request additional Track 3 workshop
    - October 19<sup>th</sup> – Staff Report on Track 3 Issues
    - December 18<sup>th</sup> – Proposed Track 3 Decision
    - January 17<sup>th</sup>, 2008 -Final Track 3 Decision
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# Continuing Issues

- 2009 program implementation OIR:
    - Yearly proceedings to adopt local RA need. We expect the follow on rulemaking to be developed in the October 2007 timeframe.
  - LCR process improvement
    - Probabilistic LCR Assessment linked to Grid Planning Process – 2 year pilot study
    - Greater transparency and debate regarding base cases and assumptions
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## Coordination with CAISO stakeholder process

- LCR process
  - Joint ISO/PUC Staff report on Track 2 issues
  - Backstop procurement
  - Import Allocation
  - BPMs and MRTU Tariff
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**For Additional Information**

**<http://www.cpuc.ca.gov>**

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