



# Decision regarding Conditional Approval to Extend Existing RMR Contracts for 2011

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RMR contracts ensure adequate capacity and/or required services not covered by the resource adequacy contracts.

	Contract between	Capacity	Energy	Dual Fuel	Black Start
Resource Adequacy	LSE and Generator	✓	Maybe	-	-
Reliability Must-Run	ISO and Generator	✓	✓	✓	✓

Resource adequacy contracts provide for bulk of local reliability needs –  
 The total number of RMR contracts continues to decrease each year.

# RMR designations are extended when:

- Resource adequacy capacity from one specific unit has not been retained by any load serving entity **AND** there is a reliability need in the local area (based on the RMR/LCR criteria) that is not covered by other units retained by load serving entities.
- Resource adequacy capacity was procured by load serving entities, however ISO determines that:
  - It needs certain reliability services not provided by the resource adequacy contract
  - A unit may exercise market power for energy
  - Existing contractual arrangements may preclude the availability of that unit without an RMR contract

# The resource adequacy process follows a pre-determined timeline.

- September 20 CPUC jurisdictional load serving entities make preliminary resource adequacy showings
- Before September 30 non-CPUC jurisdictional load serving entities make final resource adequacy showings
- Based on these resource adequacy showings, ISO Management makes 2011 RMR recommendations from units currently under contract
- Historically, the Board has authorized Management to conditionally extend RMR contracts
  - Provided resource adequacy showing is insufficient to meet local area needs
  - Special local area reliability needs exist
- October 1 letters for RMR extensions or terminations are sent to resource owners