



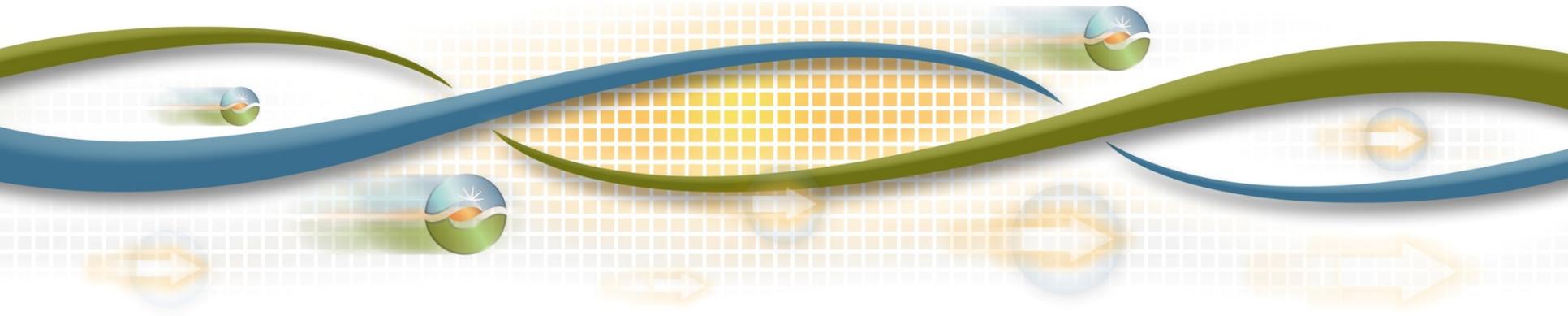
California ISO
Shaping a Renewed Future

Pay for Performance Regulation Year 1 Design Changes

Don Tretheway

Lead Market Design and Policy Specialist

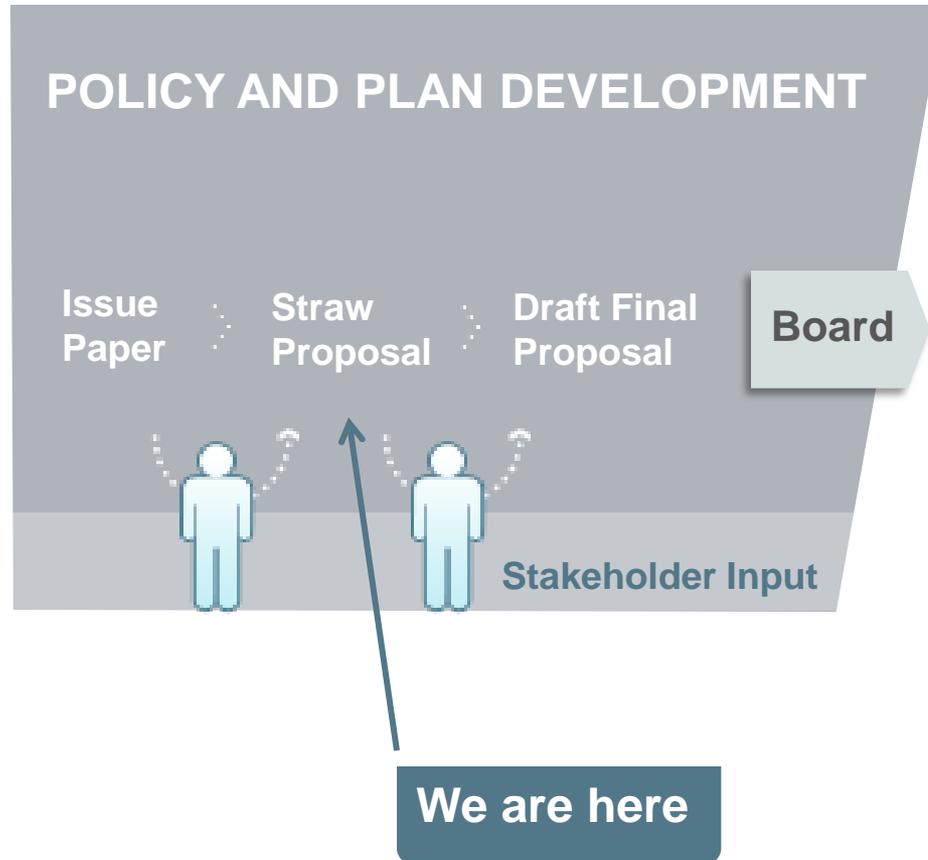
September 10, 2014



Agenda

Time	Topic	Presenter
9:00 – 9:15	Introduction	Tom Cuccia
9:15 – 10:45	Discussion on Changes	Don Tretheway
10:45 – 11:00	Wrap-up and Next Steps	Tom Cuccia

ISO Policy Initiative Stakeholder Process



FERC approved waiver of minimum performance threshold until December 31, 2014

- Performance of resources providing 78% of regulation

Regulation Up/Down total Quantities (MWh) May and June 2014	Regulation Down 12 Month Average Monthly Performance	Regulation Up 12 Month Average Monthly Performance	Resource Fuel Type
1,052,407	0.5300	0.4009	Hydro
346,741	0.4081	0.3343	Hydro
230,214	0.6341	0.5036	Hydro
171,916	0.5440	0.3701	Combined cycle
93,832	0.4078	0.3691	Hydro
50,583	0.5422	0.3352	Hydro

- Reliability concerns if significant portion of the regulation fleet must re-certify
- The regulation fleet is unchanged from implementation of pay for performance regulation

ISO proposes two minor changes...

1. Monthly performance calculation based upon weighted average using mileage performed from simple average
2. Lower minimum performance threshold to 25% from 50%

Appropriate to consider additional design changes after resource mix changes

Next Steps

Item	Date
Post Issue Paper and Straw Proposal	September 3, 2014
Stakeholder Conference Call	September 10, 2014
Stakeholder Comments Due	September 17, 2014
Post Draft Final Proposal	September 26, 2014
Stakeholder Conference Call	October 3, 2014
Stakeholder Comments Due	October 10, 2014
Board of Governors Decision	November 5-6, 2014

Please submit comments to PFPRregulation@caiso.com by September 10