

Briefing on Protective Measures for Existing Resources in the Participating Intermittent Resources Program

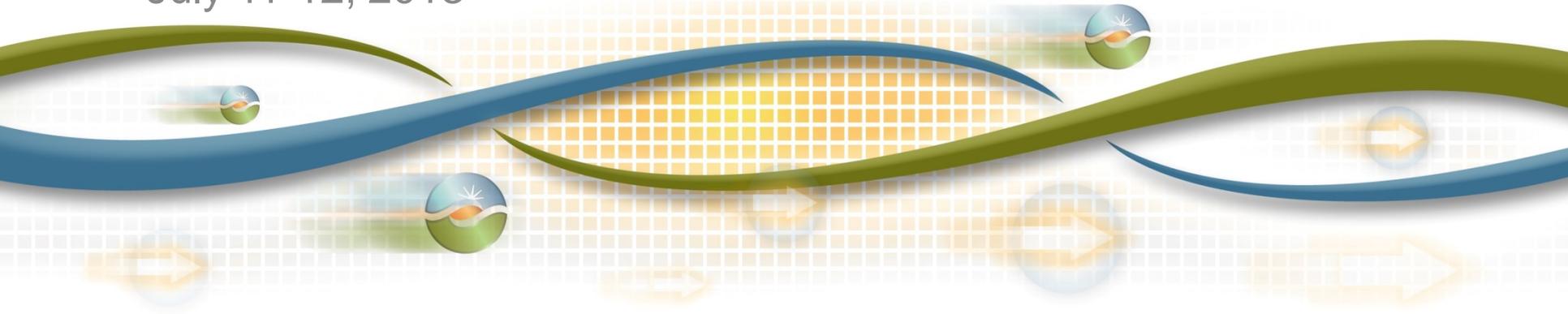
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Board of Governors Meeting

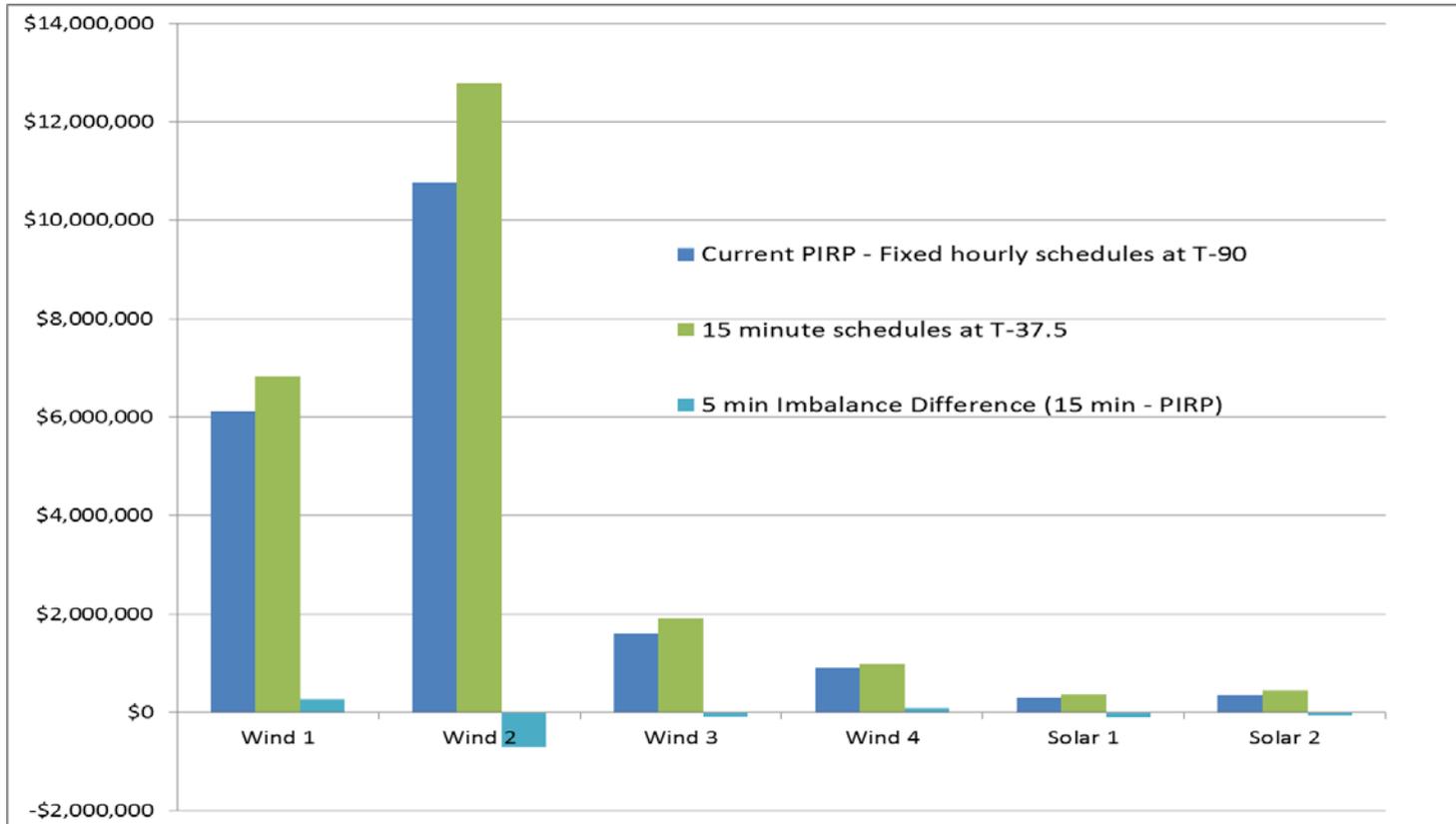
General Session

July 11-12, 2013



Proposed design provides variable energy resources with more granular and accurate 15 minute scheduling opportunities - reducing exposure to 5 minute market.

Real-time Market Revenue Comparison (July 2011 – June 2012)



Used persistence as a proxy for 15-minute forecast

ISO considering all requests for protective measures by resources that believe they may be unfairly harmed by new real-time market structure.

- Two criteria identified in stakeholder process:
 1. A material portion of the existing plant's output uses technology that lacks the ability to receive and follow ISO curtailment dispatches or is contractually prohibited from curtailing output; and
 2. The PIRP resource bears the imbalance market costs under its existing contract.
- Expanded to consider any request

30 day window to request protective measures

5/15/13	Board Decision
5/16/13	Market Notice sent
5/30/13	2 nd Market Notice (clarified request eligibility)
6/14/13	Submission deadline

24 Inquiries/Requests

2 - Did Not Request

3 - Withdrawn

19 - Requests

19 requests fall in to three categories

- LSE is the Scheduling Coordinator – 7 requests (~1000 MW)
 - Concerned about contract renegotiation/interpretation
 - Recommendation: request to LSE to resolve contractually***
- Resource is the Scheduling Coordinator – 7 requests (436 MW)
 - Concerned about ability to renegotiate contract
 - Recommendation: request to LSE to resolve contractually***
- Qualifying Facilities – 5 requests (36 projects, 577 MW)
 - Not eligible for PIRP today, but if not QF would have been
 - Primarily comprised of two large owners
 - Owner #1 – 15 projects, 300 MW
 - Owner #2 – 14 projects, 200 MW
 - Concerned about when contract expires
 - Recommendation: under further review***

Next steps

- Identify which resources are able to resolve issues through agreements with LSE counterparty
- Consider protective measures through stakeholder process for remaining resources:
 - Cost of protective measures will be allocated to LSE counterparty
 - Protective measures will be designed to result in settlement not more favorable than existing PIRP
- If protective measures are deemed necessary, provide proposal at September Board of Governors Meeting