

# Decision on Replacement Requirement for Scheduled Generation Outages

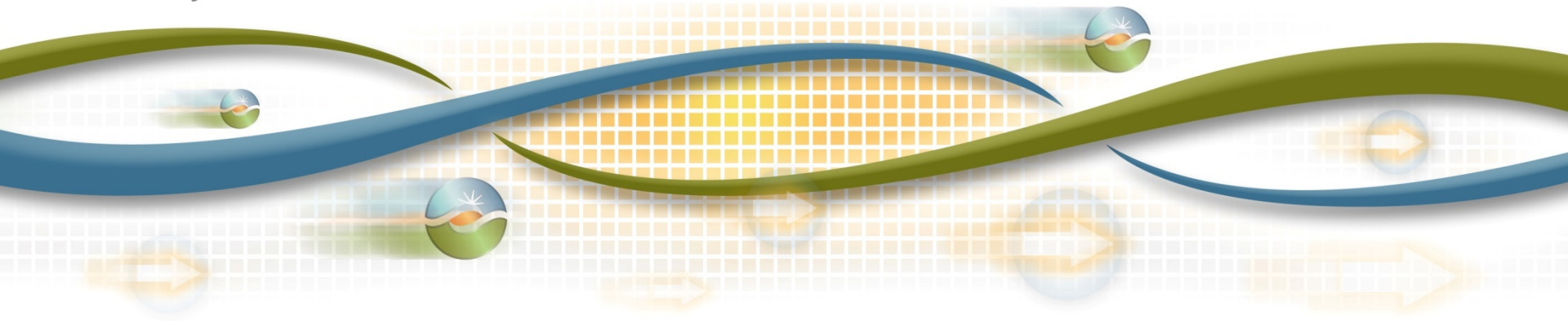
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Resource adequacy program ensures that sufficient generation is offered into the ISO market to maintain grid reliability.

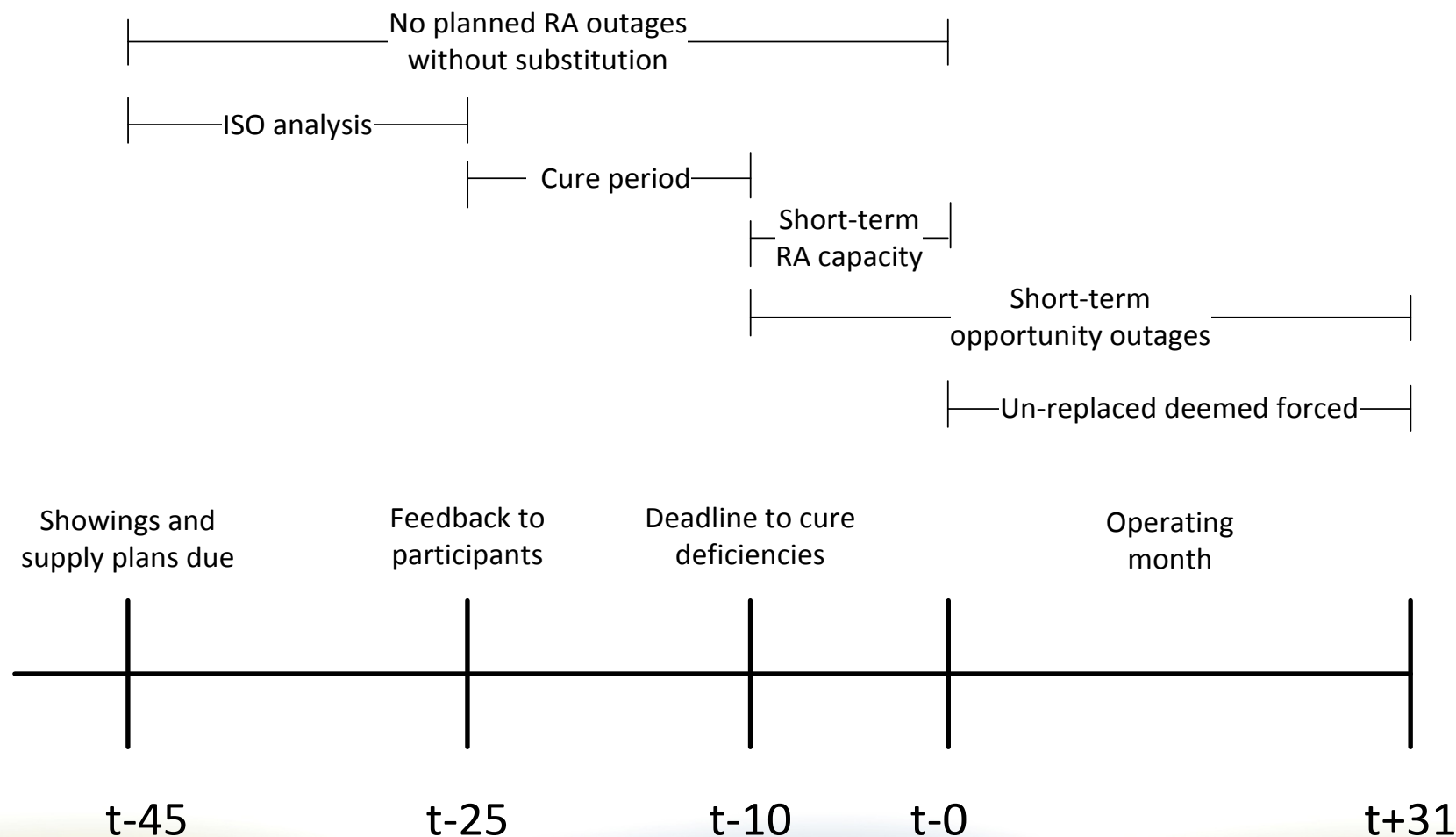
- Load serving entities required to secure capacity to meet load requirements plus planning reserve margin
- Historically, resource adequacy program has included a replacement rule administered by CPUC
  - Provides some assurance that capacity will be available and not on extended maintenance outages
  - CPUC found that replacement requirement rules should be administered by ISO

Replacement requirement proposal provides greater certainty for availability of resource adequacy resources.

Proposal consists of six elements:

1. Replacement requirement in tariff
2. Timing of monthly resource adequacy showings
3. Short-term opportunity outages
4. “Non-designated” resource adequacy capacity
5. Short-term replacement resource adequacy capacity
6. Electronic bulletin board

Proposal ensures 115% planning reserve margin through process for replacement of capacity unavailable due to scheduled outages.



Short-term opportunity outages provide resource adequacy resources the ability to perform maintenance during the operating month.

- Requested after t-10
- Requested up to 72 hours prior to requested start of the outage
- During non-peak hours
- Subject to ISO reliability assessments

If a load serving entity fails to replace capacity identified by the ISO assessment, the ISO will procure short-term replacement capacity.

- Short-term replacement capacity will be procured
  - When identified replacement needs are not resolved by the end of the cure period at t-10
- ISO will pay administrative price
  - *pro rata* capacity procurement mechanism rate
- Costs of the procurement allocated to the load serving entity that failed to meet a requirement for replacement capacity
  - Provides incentive for resource adequacy showings that reflect available capacity

Electronic bulletin board will be provided to facilitate transactions for replacement capacity.

- Online forum for market participants to identify capacity available for substitution
- Facilitates bilateral negotiations for replacement capacity
  - Through the cure period
  - After t-10, through the operating month

Stakeholders generally support (or do not oppose) the proposal. However some concerns remain:

- Some stakeholders (AReM, GenOn, PG&E) prefer adopting current CPUC rules or do-nothing approach
- Moving timeline up for resource adequacy showings needs to be coordinated with CPUC and CEC processes
- Generators request short-term outages be available with less notice than 72 hours



## Management recommends the Board approve the proposal:

- Provides greater certainty for resource availability compared to current CPUC rules
  - Ensures 115% planning reserve margin going into each month
- Provides incentives for resources to schedule planned outages in advance
- Includes provisions for unforeseen maintenance outages during the operating month
- Includes provisions to facilitate transactions for replacement capacity