

# Comments on Capacity Procurement Mechanism Enhancements Track 1 Straw Proposal

Department of Market Monitoring

August 18, 2022

## I. Summary

The ISO Department of Market Monitoring (DMM) appreciates the opportunity to comment on the Capacity Procurement Mechanism Enhancements Track 1 Straw Proposal.<sup>1</sup> DMM submits the comments below in support of the ISO's proposal to adjust the operational designation for significant event Capacity Procurement Mechanism (CPM) awards.

## II. Comments

As part of the Track 1 enhancements, the ISO proposes to allow two adjustments to the designation for a significant event CPM:

- 1) Reduce the megawatt quantity for a significant event CPM award when the designated capacity receives an incremental RA, monthly CPM, or RMR contract for an overlapping period;<sup>2</sup> and
- 2) Reduce the minimum term of a significant event CPM award below 30 days.<sup>3</sup>

The straw proposal states that both changes will allow the ISO to take advantage of uncontracted capacity even if the capacity is not available for a full 30 day period. Operationally, this would allow the ISO more flexibility for procuring backstop capacity in mid-month periods that would have not been eligible for significant event CPMs because of conflicting obligations in the subsequent month(s).

DMM does not see any immediate issue with these changes for significant event CPM awards, particularly since the same provisions are allowed for Exceptional Dispatch CPM awards. However, DMM recommends that the ISO continue to evaluate the availability of awarded CPM capacity, and, if the capacity will be operationally unavailable the ISO should reserve the right to reduce the megawatt quantity or term of the CPM. For example, this might include instances where:

- Resources have a planned outage or extended forced outage for awarded CPM capacity that occurs or plans to occur during the CPM designation;
- Use-limited resources with restrictions that might limit the operation of resource for the full period of the CPM designation, such as limited monthly starts

DMM supports the ISO's proposed operational changes under the Track 1 enhancements to the significant event CPM structure and looks forward to participating in the stakeholder process for the Track 2 enhancements.

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<sup>1</sup> *Capacity Procurement Mechanism Enhancements Track 1 Straw Proposal* California ISO, July 28, 2022: <http://www.caiso.com/InitiativeDocuments/StrawProposal-CapacityProcurementMechanismEnhancements-Track1.pdf>

<sup>2</sup> Straw proposal section 4.1

<sup>3</sup> Straw proposal section 4.2