

supports the CAISO's proposal to enhance the CPM designation process, as the proposed changes should increase the reliability of the CAISO balancing area in anticipated stressed system conditions. DMM has not heard any opposition from stakeholders regarding these tariff changes.

II. COMMENTS

Background

The CAISO's CPM designation process was implemented to permit the CAISO to procure capacity to address reliability needs that cannot be met by resource adequacy (RA) capacity. The CAISO RA provisions that are in place are designed to ensure sufficient capacity is available at the local and system level to serve load, meet reserve requirements, and support reliable operations of the CAISO controlled grid. However, there are cases in which RA capacity is inadequate to meet CAISO's operational needs, and the CAISO tariff provides the CAISO authority to designate backstop capacity under the CPM.

The CPM allows the CAISO to procure capacity from voluntarily submitted bids from scheduling coordinators in a competitive solicitation process, to procure the necessary capacity to meet local and system reliability needs. If the CAISO has to offer a CPM award to a resource that did not participate in a competitive solicitation process, the resource can turn down the award and the availability obligations it entails. Resources that accept a CPM designation are treated like RA resources, and thus have the same must-offer obligations to bid into the CAISO markets.

The CAISO proposes CPM enhancements to (1) increase the flexibility of the program to incentivize additional capacity to bid into the competitive solicitation process for significant event CPM designations, and (2) reduce the CAISO's administrative burden of the program.

DMM supports the enhancements to improve the flexibility of the significant event capacity procurement mechanism

The enhancements to improve flexibility of significant event CPMs are two-fold: (1) to automatically adjust the volume of the CPM as capacity obligations commitments adjust, and (2) allow for a CPM designation term of less than 30 days.

The CAISO allows exceptional dispatch CPM designations to adjust the volume as pre-existing or new capacity obligations arise during the term of the CPM designation. The CAISO seeks to extend the functionality to adjust CPM volumes to significant event CPM designations. The lack of this flexibility has hindered the CAISO from designating significant event CPMs, and reduced capacity available to the CPM.

Currently, resources with CPM awards are required to submit bids and be available for at least 30 days. Therefore, an award that begins in the middle of a month would place bidding and availability obligations on the resource extending into the following month. If a resource already has an energy or capacity contract for the following month, either for the CAISO balancing area or another balancing area, the resource would not be able to accept a 30 day capacity procurement mechanism award. Therefore, the requirement that a resource accept an award for the entire 30 day period can reduce the pool of resources available to meet CPM awards issued after the start of a calendar month.

To address this issue, the CAISO proposes new rules to allow resources to accept all or part of the MW quantity of significant event CPM awards for less than 30 days in

situations when the resource has an energy or capacity contract for the following month, either for the CAISO balancing area or another balancing area, that would prevent the resource from accepting a 30 day or longer award.

These two tariff changes should increase the amount of capacity available for significant event CPM awards. This can increase CAISO balancing area reliability in anticipated stressed system conditions. DMM supports these two tariff changes.

III. MOTION TO INTERVENE

DMM respectfully requests that the Commission afford due consideration to these comments and motion to intervene, and afford DMM full rights as a party to this proceeding. Pursuant to the Commission's Order 719, the CAISO tariff states "DMM shall review existing and proposed market rules, tariff provisions, and market design elements and recommend proposed rule and tariff changes to the CAISO, the CAISO Governing Board, FERC staff, the California Public Utilities Commission, Market Participants, and other interested entities."¹ As this proceeding involves CAISO tariff provisions that would affect the efficiency of CAISO markets, it implicates matters within DMM's purview.

IV. CONCLUSION

DMM respectfully requests that the Commission afford due consideration to these comments as it evaluates the proposed tariff provisions before it.

¹ CAISO Tariff Appendix P, Section 5.1.

Respectfully submitted,

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Independent Market Monitor for the
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CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California, this 7th day of February, 2025.

/s/ Aprille Girardot

Aprille Girardot