

# RSI Considerations

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2/24/2014

# Capacity Needs Suggest Different Market Designs

| CPM Backstop Events  | # CPMs (monthly) (2011-2013) <sup>1</sup> | Forwardness of designation | Designation triggered if...   | Eligible resources      | Cost allocation to individual LSE   |
|--|---|----------------------------|---|-------------------------|---|
| (1) Insufficient System RA in LSE's showing.                               | 0   | Year-ahead, Month-ahead    | Collective deficiency in relevant area.   | Non-RA Resources        | Cost allocated based on contribution to deficiency due to insufficient RA resources |
| (2) Insufficient Local RA in LSE's showing                                 | 0   |                            |   |                         |   |
| (3) Insufficient Flexible RA in LSE's showing.                             | n/a                                       |                            |   |                         |   |
| (4) Collective deficiency in local area even with sufficient LSE showings. | 0   |                            |   |                         |   |
| (5) Significant Events   | 13  | < Month-ahead              | Unexpected event or condition occurs that triggers criteria as defined in tariff. | RA and Non-RA Resources | Cost allocated based on TAC load ratio share during designation                     |
| (6) Exceptional Dispatches   | 13  | < Month-ahead (DA/RT)      |   |                         |   |
| (7) Risk of retirement   | 0   | Year-ahead                 | Unit committed to retire in current RA year, but needed by end of next RA year.   | Non-RA Resources        |   |
| (8) Multi-year forward requirements  | *1* (Sutter?)                             | 2-5 years?                 | ???   | Non-RA Resources        | ???   |

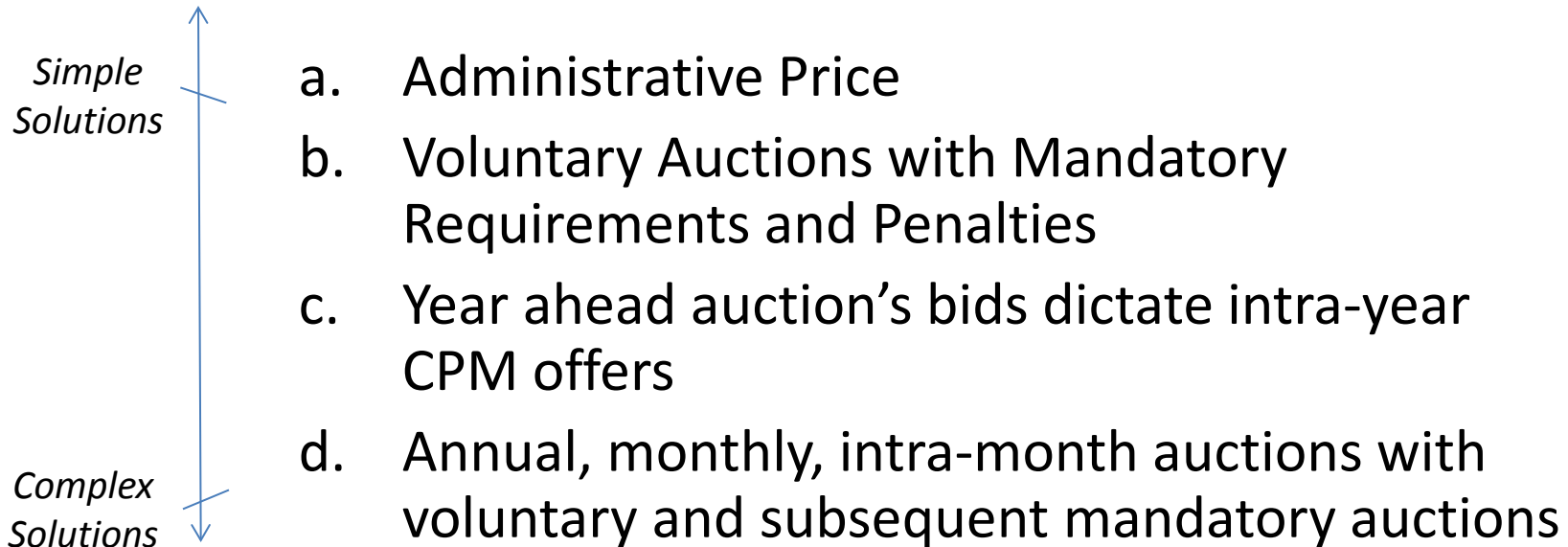
1. Based on CAISO's publicly reported Capacity Procurement Mechanism reports. Note that a CPM event for a single resource covering three months is counted as 3 CPMs in this counting approach.

# **This is Complex!**

- Bundle/Unbundle
- Relationship between annual and monthly
- Products: system, local, flex1, flex 2, flex3
- Prioritization

# Develop Alternatives

Appropriate alternatives can be assessed depending on CAISO's reliability needs.



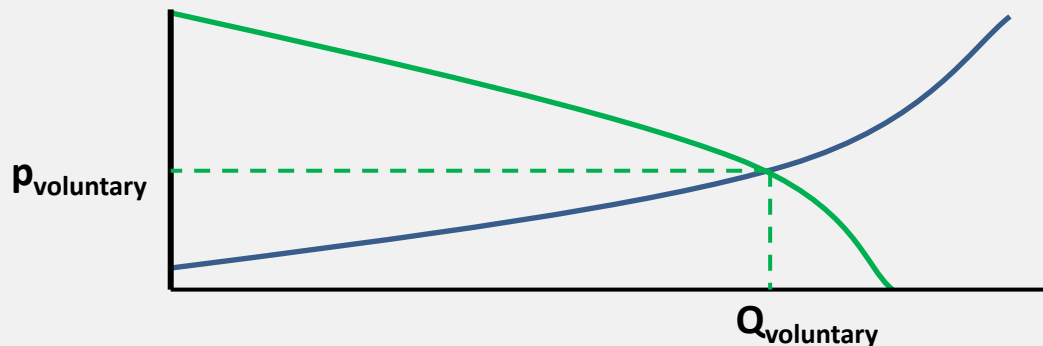
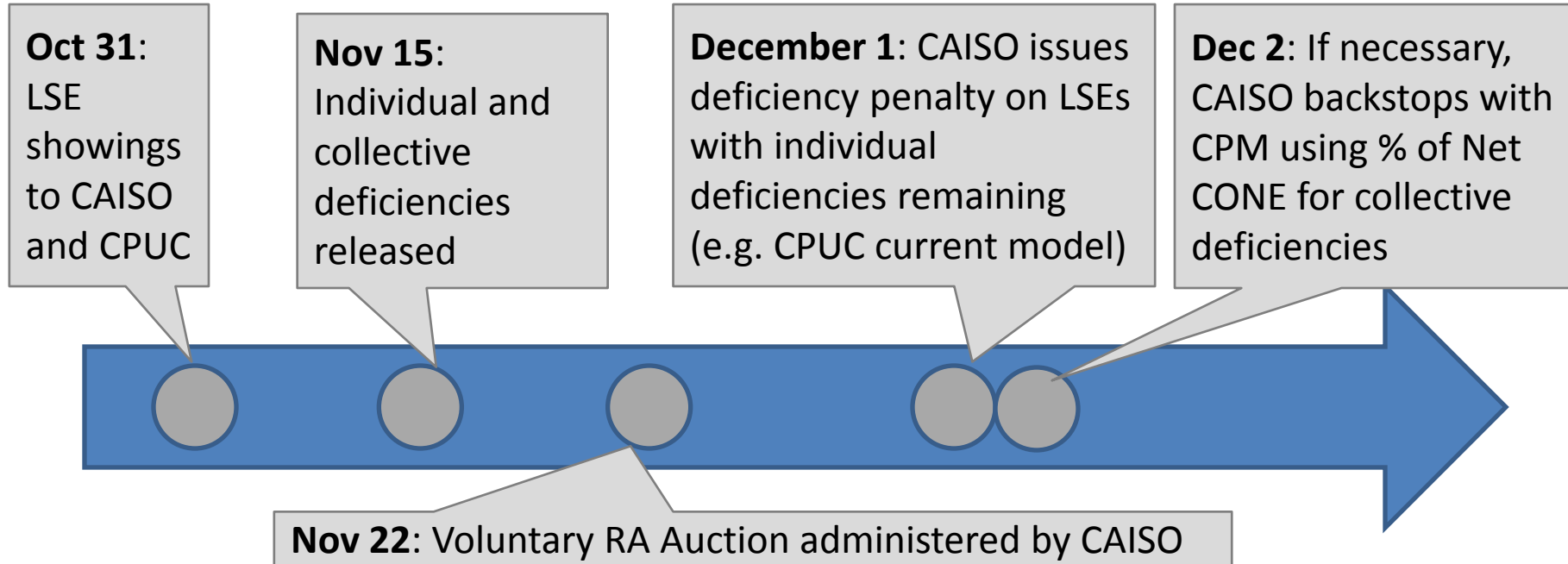
**Caveat: path forward should be feasible given the timing of the CPUC activities and goal for CAISO Board approval this December.**

# **A. Administrative Price**

Extend existing CPM mechanism with an updated price.

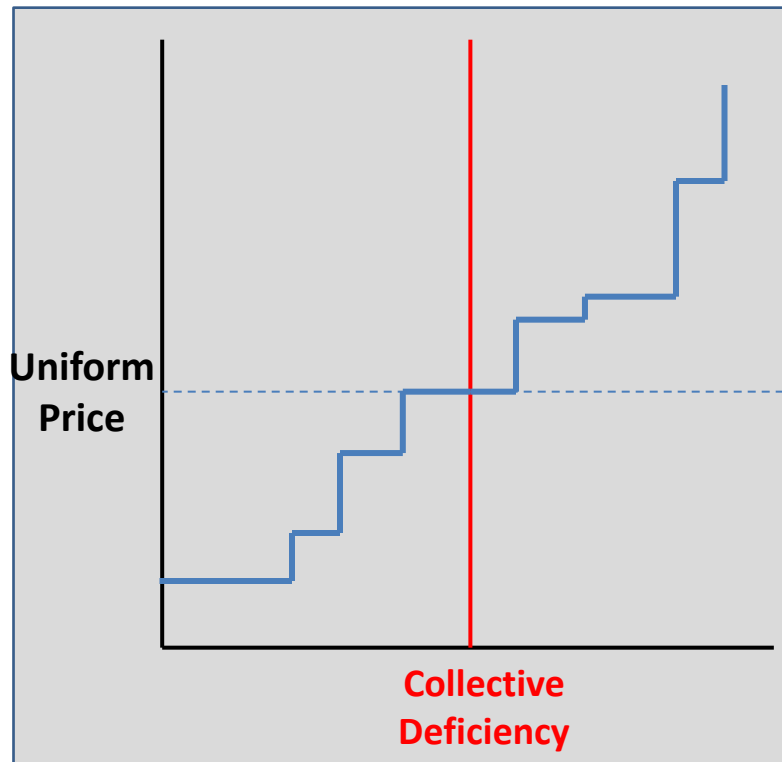
# B: Voluntary Auction with Mandatory Requirements and Penalties

*\*Specific dates are for illustrative purposes only.\**

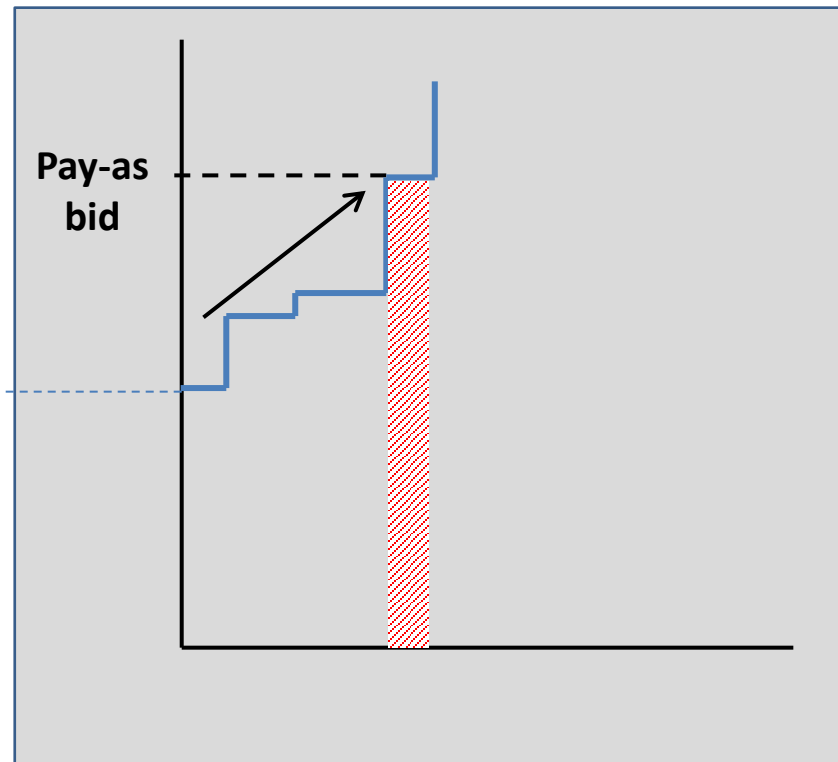


# C. Year-ahead auction's bids dictate intra-year CPM offers

Year-ahead Backstop for June 2016  
(e.g. during November 2015)



Month-ahead Backstop for June 2016  
(e.g. during May 2016)



1. Year-ahead backstop auction held.
2. For intra-year backstop, CAISO uses supply curve from year-ahead auction for the month with a need.
3. Unit receives “pay-as-bid” CPM based on year-ahead auction bids.

# **D. Annual, monthly, intra-month auctions with voluntary and subsequent mandatory auctions**

See CAISO materials



# Appendix

# Alternative D - RSA Example

## LSE Procurement Approaches

|                                 | LSE 1  | LSE 2 |
|---------------------------------|--------|-------|
| RA Requirement                  | 100 MW | 150MW |
| - Bilateral procurement         | 100 MW | 90 MW |
| = Deficiency                    | 0 MW   | 60 MW |
| RA cleared in voluntary auction | 0 MW   | 10 MW |
| = Required RSA bid              | 0 MW   | 50 MW |