



# Intent to designate CPM capacity pursuant to CPM significant event

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# Background

- At the July 10, 2018 California Energy Commission (CEC) Integrated Energy Policy Report (IEPR) workshop, CEC staff presented that the 2018 monthly resource adequacy forecast provided to both the California Public Utilities Commission (CPUC) and the ISO was somewhat low for September compared to recent historical peaks for this month.
- As an alternative, CEC staff provided a monthly coincident peak forecast derived from a later forecast vintage. This forecast was typically provided to CAISO for WECC planning purposes and was used in the ISO's Flexible Capacity Needs Assessment. This alternate forecast is not officially adopted by the CEC.
- IEPR workshop materials:
  - [http://www.energy.ca.gov/2018\\_energypolicy/documents/2018-07-10\\_workshop/2018-07-10\\_presentations.php](http://www.energy.ca.gov/2018_energypolicy/documents/2018-07-10_workshop/2018-07-10_presentations.php)
  - See presentation “Additional Slides From July 10, 2018 Presentation by Chris Kavalec”

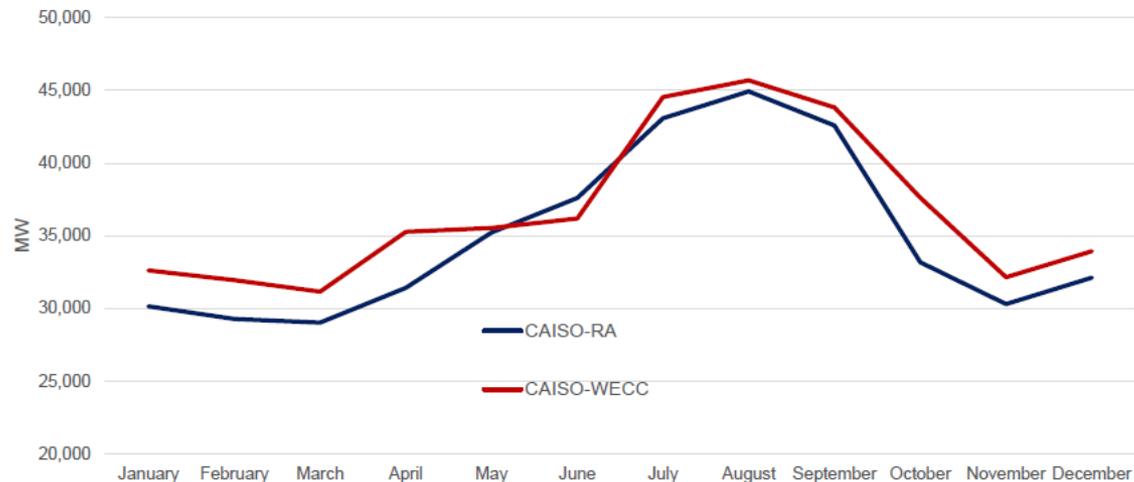
# Forecast comparison



California Energy Commission

## Comparison of 2018 Monthly Peak Forecasts

WECC September Forecast 1,250 MW Higher



Source: CEC IEPR. Forecast provided on 7/10 is the “CAISO-WECC” forecast.

# Forecast comparison data

Month	CAISO-RA [A]	CAISO-WECC [B]	[B] minus [A]	15% PRM*	Total
January	30,157	32,627	2,470	371	2,841
February	29,290	31,957	2,667	400	3,068
March	29,035	31,159	2,125	319	2,444
April	31,427	35,271	3,844	577	4,421
May	35,230	35,540	310	47	357
June	37,596	36,185	(1,410)	n/a	n/a
July	43,080	44,544	1,464	220	1,684
August	44,923	45,690	767	115	882
September	42,579	43,825	1,247	187	1,434
October	33,175	37,612	4,438	666	5,103
November	30,315	32,159	1,844	277	2,120
December	32,120	33,947	1,827	274	2,101

# Significant event

- In coordination with the CEC and CPUC, the ISO will designate capacity procurement mechanism (CPM) system capacity pursuant to a significant event.
- The ISO views the publication of the alternate forecast on 7/10/18 to be the CPM significant event.
- The ISO intends to designate CPM capacity for September 2018. The ISO will likely designate CPM capacity for October 2018.
- Last significant event was in 2012 for the outage of San Onofre Generating Station Units 2 and 3.

# Capacity Procurement Mechanism (CPM) Significant Event Definition

- The ISO has authority to designate CPM pursuant to a significant event (Source: ISO Tariff Section 43.2.4)
- CPM Significant Event - A substantial event, or a combination of events, that is determined by the CAISO to either result in a material difference from what was assumed in the resource adequacy program for purposes of determining the Resource Adequacy Capacity requirements, or produce a material change in system conditions or in CAISO Controlled Grid operations, that causes, or threatens to cause, a failure to meet Reliability Criteria absent the recurring use of a non-Resource Adequacy Resource(s) on a prospective basis. (Source: ISO Tariff Appendix A)

# Description of Capacity Procurement Mechanism (CPM) Significant Event Authority

- Forecasting issues were one of several examples of significant events cited in the Transitional Capacity Procurement Mechanism, the predecessor to the CPM (Source: [http://www.caiso.com/Documents/March28\\_2008Amendment-Tariff-ImplementTransitionalCapacityProcurementMechanisminDocketNo\\_ER08-760-000.pdf](http://www.caiso.com/Documents/March28_2008Amendment-Tariff-ImplementTransitionalCapacityProcurementMechanisminDocketNo_ER08-760-000.pdf) , pp 28-34)
- CPM designation is for an initial term of 30 days via the intra-monthly CPM process (Source: ISO Tariff Section 43.3.5)
- The ISO can extend the initial term for an additional 60 days if the significant event is likely to persist (Source: ISO Tariff Section 43.3.5)

# CPM intra-monthly process

- Intra-monthly offers may be offered up to 7 days prior to the resource adequacy month (*i.e.*, by August 25, 2018 for September 2018 resource adequacy month)
- After the 7 days expire, Scheduling Coordinators may remove these offers or lower the price at any time during the month before 9:00 AM for the following day.
- Eligible internal resources are welcome to bid.
- (Source: Section 5 of the Reliability Requirements BPM and Section 7 of the Market Participant User Guide for Customer Interface for Resource Adequacy (CIRA))

# CPM capacity and cost allocation

- Maximum CPM capacity designation for September 2018 is:
  - 1,247 MW alternate forecast capacity increase
  - 187 MW, based on 15% planning reserve margin
  - Total: 1,434 MW
  - Initial designation may be extended
- Cost allocation – based on metered load (Source: ISO Tariff Section 43.8.5)

# Process

- July 10, 2018 – Significant event occurred with publication of CEC alternate forecast.
- July 26, 2018 – Public notification of intent.
- August 2, 2018 – Stakeholder call.
- August 25, 2018 – Intra-month CPM bid submission ends for September 2018.
- August 26, 2018 – First opportunity for ISO to designate CPM capacity pursuant to significant event.
- September 1, 2018 – Initial CPM designation for 30 days.
- End of September – Evaluate an extension of initial CPM designation for an additional 60 days starting October 1, 2018.

# Future coordination

- The ISO is working closely with the CEC and CPUC to review the RA forecast for next year.
- The ISO believes that the IEPR can provide the appropriate process, stakeholder involvement and transparency for the CEC's forecast.