

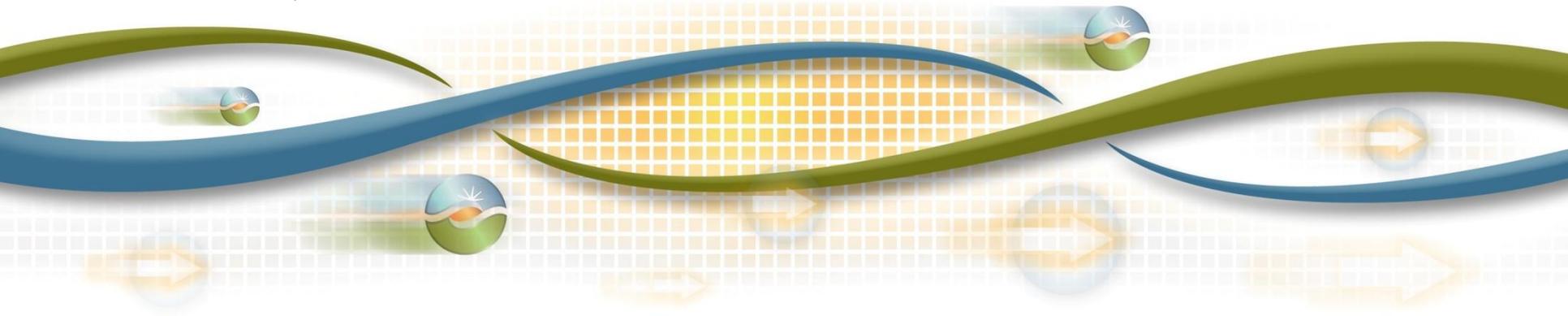


California ISO
Shaping a Renewed Future

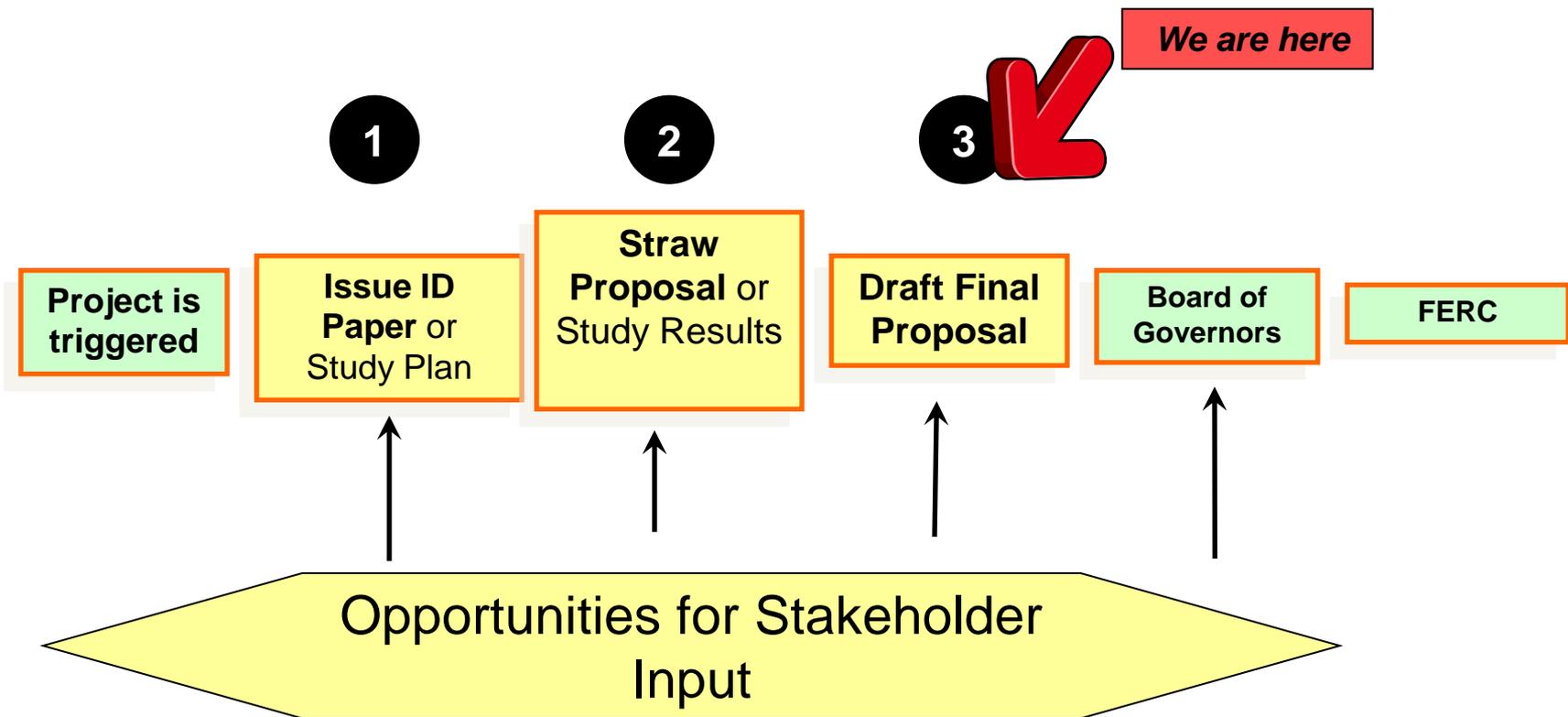
Draft Final Proposal – A New Scheduling Priority Class for Regulatory Must-Run Pumping Load

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Stakeholder Conference Call
March 1, 2011



ISO Stakeholder Process – Regulatory Must-Run Pumping Load



The ISO has separate stakeholder processes for regulatory must-run and regulatory must-take issues.

- Schedule of regulatory must-run pumping load stakeholder process remains as planned
 - Stakeholder conference call to discuss draft final proposal on March 1, 2011
 - The ISO Board of Governors decision in March 2011
- The ISO will propose a new schedule for the regulatory must-take generation stakeholder process

Next Steps

- Proposed schedule
 - Stakeholder comments due by COB 3/8/2011
 - BOG Meeting - 3/30-31/2011
- Submit comments to sliu@caiso.com

The new scheduling priority class will protect regulatory must-run pumping load schedules.

- It has a priority below ETC but above transmission constraints and above regular self-schedules in the IFM
- Transmission constraints may be relaxed to ensure energy supply to the regulatory must-run pumping load
- Curtailment of regulatory must-run pumping load will not occur without a system contingency or emergency

The proposed regulatory must-run pump load class will have limited impacts on other market participants.

- Regulatory must-run pumping load has a scheduling priority on par with load scheduled at DLAP
- Regulatory must-run pumping load
 - has the same priority as other LSEs in CRR allocation
 - is subject to same resource adequacy requirements as other LSEs
 - may be subject to high local congestion cost

The ISO proposes to certify regulatory must-run pumping load annually based on:

- An application for certification from a Participating Load
- Documents demonstrating the pumping facility's obligation to pump under federal or state law
- Documents demonstrating any legal restrictions on pumping operations

The ISO markets provide economic incentives for pumping load to be flexible.

- Capacity certified as regulatory must-run pumping load will not qualify as resource adequacy capacity
- A pumping facility may schedule regulatory must-run pumping load less than certified MW
- It can participate in the ISO markets as regular self-schedule demand or participating load through economic bids
- Participating load can also submit bids to provide non-spinning reserve

Questions?

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