



CALIFORNIA ISO



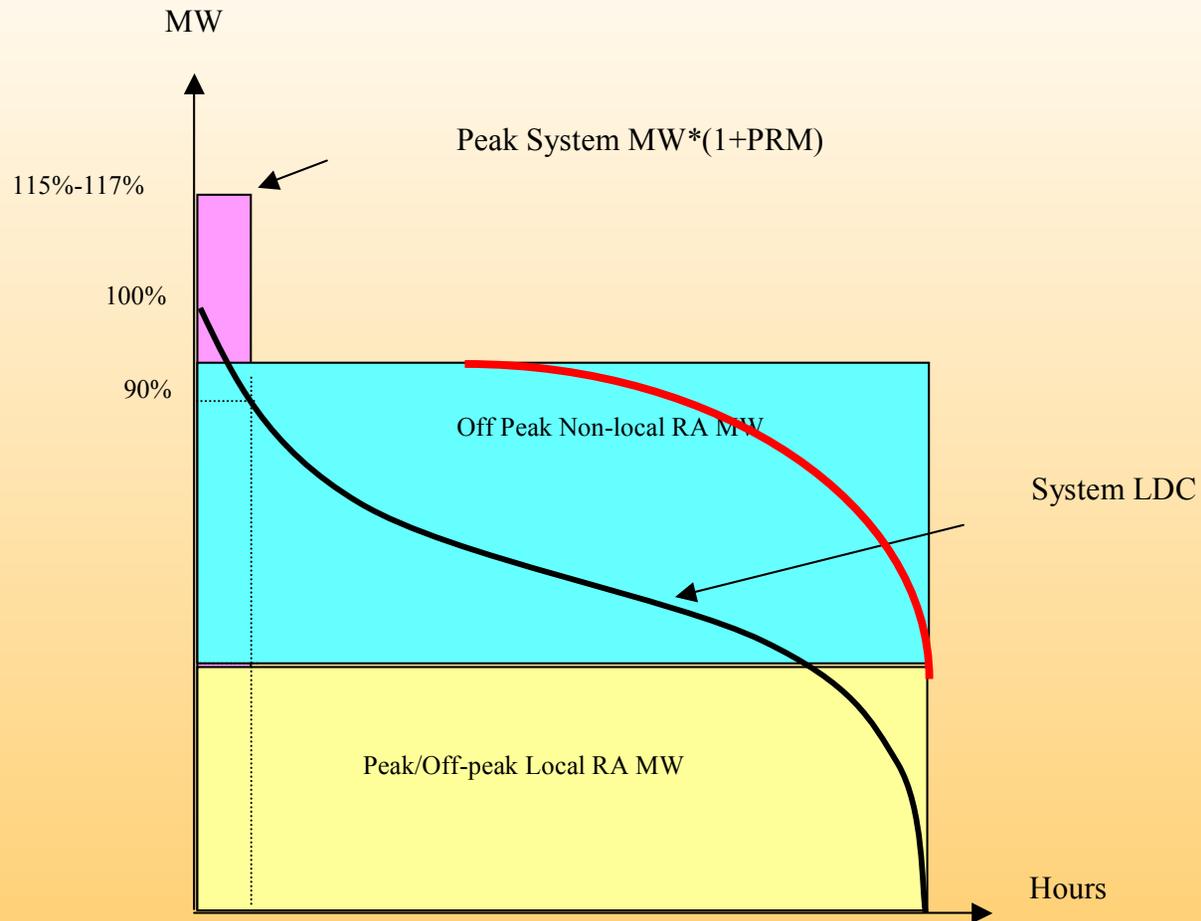
Resource Adequacy

MSC Meeting
March 15, 2005

Phil Pettingill
Manager Policy Development



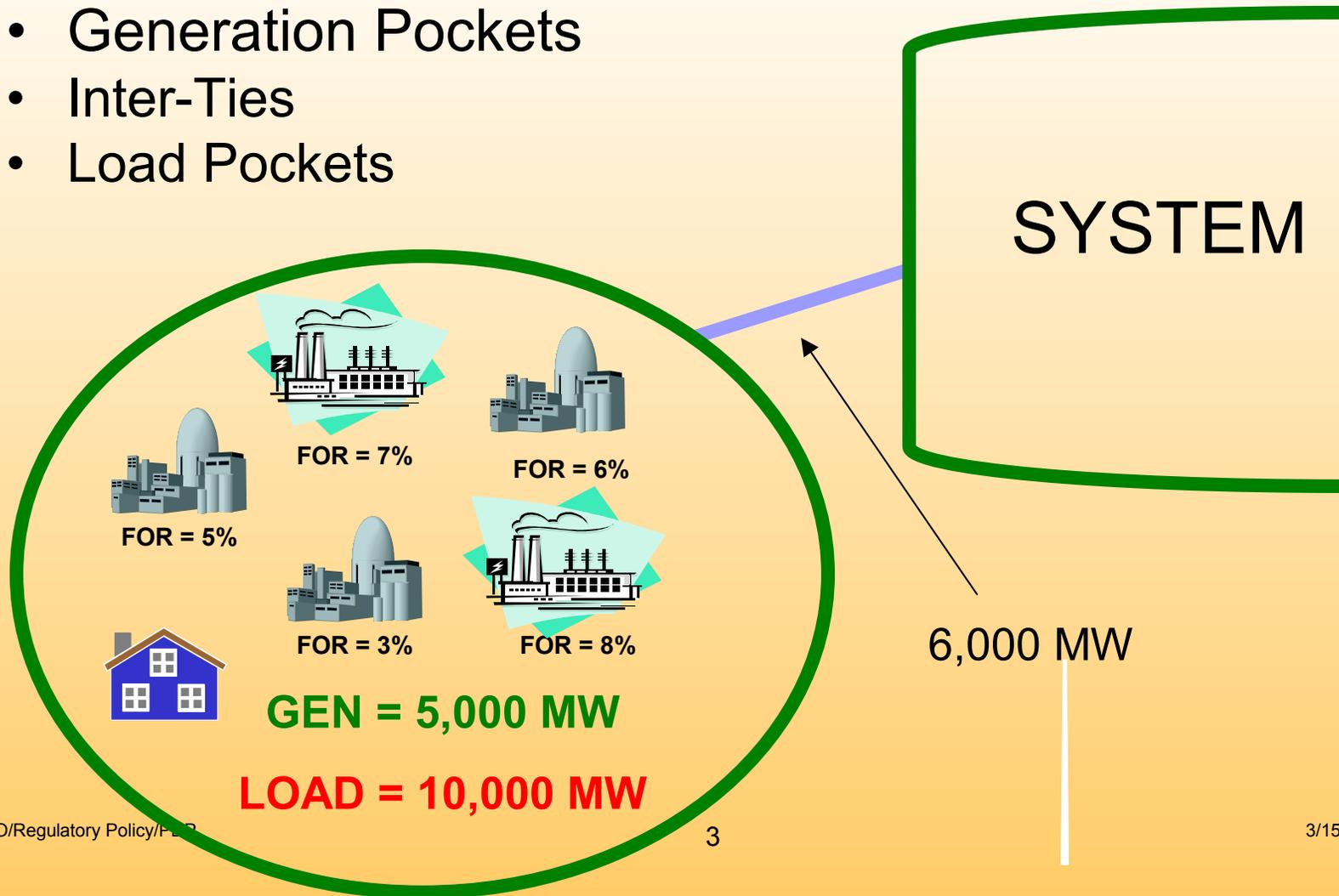
Capacity Obligation





Deliverability

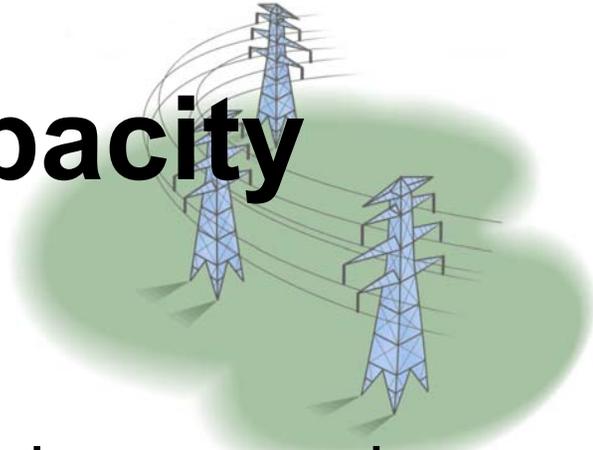
- Generation Pockets
- Inter-Ties
- Load Pockets





Locational Capacity

Key Issues



- Identify magnitude of capacity in areas where there's not enough transmission to serve load
- Establish clear requirements for LSEs to procure enough supplies within these load pockets to serve their load.
- ISO may supplement with ISO contract capacity if necessary.
- Determination of procurement price and cost allocation



Capacity Markets

- Established Capacity product
 - Availability Commitment to the ISO for physical capacity or demand reduction as certified by RA requirements to serve California load during a specific period in the future.
- Complementary to RA Framework
- Effective means to Align LSE obligations and needs





Topics for MSC Consideration

- Capacity vs. Energy
 - What is the role of energy?
- LSE and ISO (Backstop) Procurement
 - What is the Just and Reasonable Price?
 - Eastern ISO Demand Curve?
- Capacity Markets
 - What are the essential elements?