



California ISO
Your Link to Power

California Independent
System Operator Corporation

RMR, Resource Adequacy, and Must Offer Requirements

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RMR and Must Offer

- **RMR and Must-offer obligations currently play a multi-faceted role in the market**
 - Reliability
 - “swing” generation used to fill shortfalls in schedules and AS markets
 - Filling in for “missing” AS markets
 - Market Power Mitigation
 - Varying levels of commitment to be available (i.e. not withhold) at varying price commitments

Missing AS Markets

- **Operators have expressed needs for generation availability that does not fit any of the current AS requirements**
 - Eg - 20 minute replacement
 - Driven by contingency analysis
 - Do not cleanly map to percentages of load
- **Must offer denials and RMR have been used to ensure this capacity is available**
- **Soon to be compensated for under RA or RCST payments**
 - What kind of performance is understood to be included with such payments?

The Post MRTU World

- **Will RUC fill the reliability needs currently provided by MOO and RMR?**
 - If so, what is the role of MOO?
- **What will replace the Market Power Mitigation role of MOO and RMR?**
 - Capacity markets and local market power
 - Demand curves most defensible where entry is restricted
 - Can capacity or RA obligations replace RMR?
 - Depends upon what “capacity” buys you

Defining Local Reliability

- **“Local” can mean different things**
 - Engineers: Defined by transmission and contingency constraints
 - Economists: Defined by competitiveness
- **Local reliability requirements have been dominated by the engineering definition - should the economic definition play a role?**