



Capacity Procurement Mechanism (CPM) Enhancements


Track 1 – Draft Tariff Language

Stakeholder Meeting
February 9, 2023

Housekeeping reminders

- This call is being recorded for informational and convenience purposes only. Any related transcriptions should not be reprinted without ISO's permission.
- Meeting is structured to stimulate dialogue and engage different perspectives.
- Please keep comments professional and respectful.
- Please try and be brief and refrain from repeating what has already been said so that we can manage the time efficiently.

Instructions for raising your hand to ask a question

- If you are connected to audio through your computer or used the “call me” option, select the raise hand icon  located on the top right above the chat window. **Note:** #2 only works if you dialed into the meeting.
 - Please remember to state your name and affiliation before making your comment.
- If you need technical assistance during the meeting, please send a chat to the event producer.
- You may also send your question via chat to either Kaitlin McGee or to all panelists.

Today's Agenda

Time	Topic	Presenter
1:00 – 1:05	Welcome and stakeholder process	Kaitlin McGee
1:05 – 1:30	CPM enhancements track 1: final proposal and responses to stakeholder questions	CB Hall Abdul Mohammed-Ali
1:30 – 2:55	CPM enhancements track 1: draft tariff language	David Zlotlow
2:55 – 3:00	Initiative schedule and next steps	Kaitlin McGee

CAISO Policy Initiative Stakeholder Process



This represents the typical process, and often stages of the process run in parallel.

We are here

FINAL PROPOSAL AND RESPONSES TO STAKEHOLDER QUESTIONS

CPM Enhancements Track 1: Final Proposal

Proposal 4.1: Reducing the volume (MW) of significant event CPM designations and exceptional dispatch CPM designations when the designated capacity is committed and shown to the ISO as RA capacity

Proposal 4.2: Reducing the term of significant event CPM designations made to capacity that was not offered into the intramonthly competitive solicitation process, when the designated capacity has already been committed or is unavailable to the ISO

Proposal 4.3: CPM reporting via OASIS

Proposal 4.4: CPM designation market notice deadline

Proposal 4.5: CPM notifications to scheduling coordinators

See appendix slides for more detail on each of the five proposals above

CPM Enhancements Track 1: Stakeholder Questions

A. Annual CPM designations and new RA obligations:

- The ISO is not proposing to allow annual CPM designated capacity to take on new RA obligations after the CPM designation has been accepted.
- Instead, the ISO is planning to allow both significant event CPM designated capacity and exceptional dispatch CPM designated capacity to take on new RA obligations after the CPM designation has been accepted

B. Significant event CPM award reductions and RA substitution obligations

- ISO will have the authority to adjust the significant event CPM volume to dovetail with pre-existing RA substitution obligations (mirrors existing exceptional dispatch CPM authority)
- After the CPM has been accepted, CPM designated capacity cannot be converted into RA substitution capacity

C. ISO Actions Providing Transparency around CPM Needs

- The ISO provides transparency to the market around CPM designation needs, where relevant and feasible. For more detail, please refer to table 3 in the final proposal

DRAFT TARIFF LANGUAGE

CPM Enhancements Track 1: Draft Tariff Language

Final Proposal Element	Impacted Tariff Section
Proposal 4.1	43A.2.4.1
Proposal 4.1	43A.2.5.2.4
Proposal 4.1	43A.5.2
Proposal 4.2	43A.3.5
Proposal 4.3	43A.6.2
Proposal 4.4	43A.6.1
Proposal 4.5	N/A – no tariff impact

CPM Enhancements Track 1: Draft Tariff Language

Review of detailed draft tariff language posted on ISO Website

SCHEDULE / NEXT STEPS

CPM Enhancements Track 1 Initiative Schedule

Date	Development
07/28/22	Publish straw proposal
08/04/22	Stakeholder conference call: straw proposal
08/18/22	Comments due: straw proposal
09/16/22	Publish draft final proposal
09/23/22	Stakeholder conference call: draft final proposal
10/7/22	Comments due: draft final proposal
11/29/22	Publish revised draft final proposal
12/6/22	Stakeholder conference call: revised draft final proposal
12/20/22	Comments due: revised draft final proposal
01/12/23	Publish draft tariff language and final proposal
01/26/23	Comments due: draft tariff language
02/09/23	Stakeholder conference call: draft tariff language and final proposal
03/23/23	Board of Governors Meeting
2023	FERC filing and implementation

**Dates are tentative and subject to change.*

Next Steps

- Present Final Proposal to ISO Board of Governors for approval in March 2023
- Visit initiative webpage for more information:
<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Capacity-procurement-mechanism-enhancements>
- If you have any questions, please contact isostakeholderaffairs@caiso.com

APPENDIX

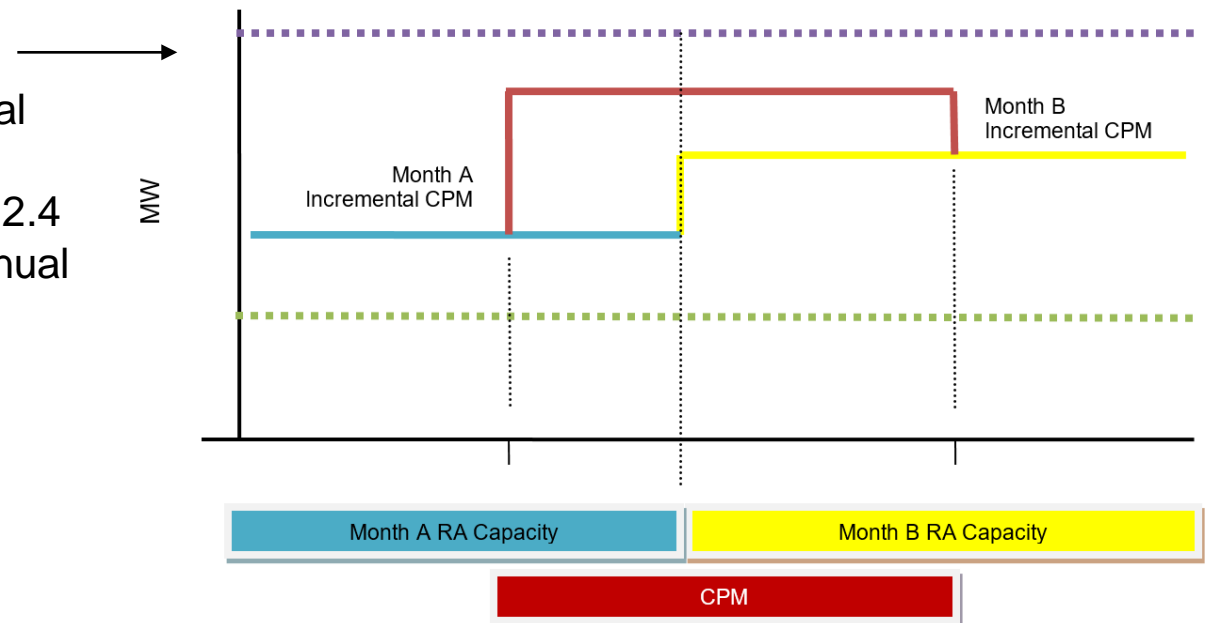
CPM Enhancements Track 1

Proposal 4.1: Reducing the volume (MW) of significant event CPM designations and exceptional dispatch CPM designations when the designated capacity is committed and shown to the ISO as RA capacity

- A. The ISO should be able to make mid-term significant event CPM award reductions if the designated capacity is committed (and shown to the ISO) for an RA contract, RMR contract or monthly CPM designation. The ISO already has this type of authority and flexibility for exceptional dispatch CPM awards

Illustration of ISO's existing authority related to Exceptional Dispatch CPM Awards

- ISO Tariff Section 43A.2.5.2.4
- ISO business practice manual for reliability requirements, section 12.3.2



CPM Enhancements Track 1

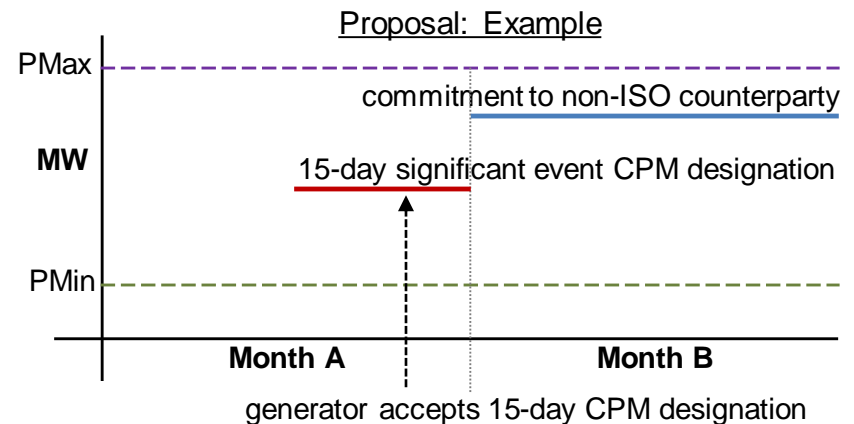
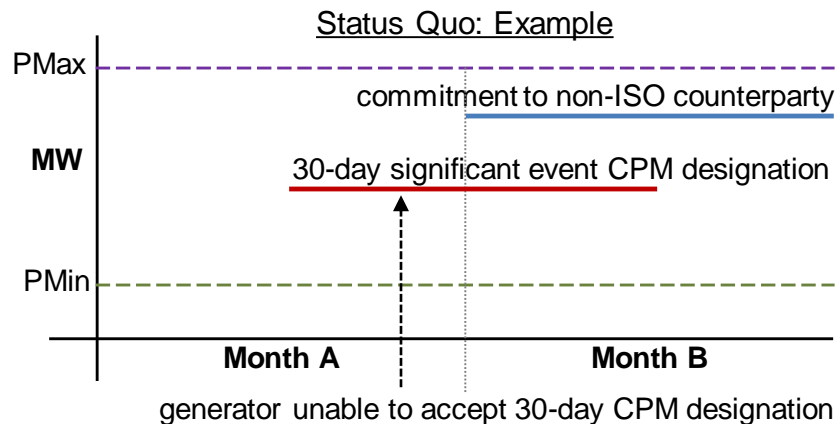
Proposal 4.1: Reducing the volume (MW) of significant event CPM designations and exceptional dispatch CPM designations when the designated capacity is committed and shown to the ISO as RA capacity

- B. The ISO plans to allow both significant event CPM designated capacity and exceptional dispatch CPM designated capacity to take on new RA obligations after the CPM designation has been accepted
- In direct response to stakeholder sentiment that backstop CPM designations should not hinder the fulfillment of forward RA obligations by reducing the pool of potentially available RA capacity
 - The “new RA obligations” referred to above must be shown to the ISO as RA capacity through the regular RA showing process
 - The ISO will correspondingly reduce the CPM volume to ensure that there is no double counting or double payment
 - Non-RA commitments, such as commitments to non-ISO balancing authorities, cannot be made after the ISO makes a CPM designation, and the ISO proposes to amend the tariff to make this point explicit

CPM Enhancements Track 1

Proposal 4.2: Reducing the term of significant event CPM designations made to capacity that was not offered into the intramonthly competitive solicitation process, when the designated capacity has already been committed or is unavailable to the ISO

- The ISO proposes to allow resources to voluntarily accept significant event CPM designations for less than 30 days at the discretion of the resource scheduling coordinator, when such designations are made to capacity that was not offered into the intramonthly competitive solicitation process



CPM Enhancements Track 1

Proposal 4.2: Reducing the term of significant event CPM designations made to capacity that was not offered into the intramonthly competitive solicitation process, when the designated capacity has already been committed or is unavailable to the ISO

Similar to Proposal 4.1:

Ultimately helps the ISO make CPM designations by taking advantage of uncontracted capacity in a specific calendar month, even if that uncontracted volume is not available for a full 30 days

Different than Proposal 4.1:

- A. Works through a shorter term, rather than a reduced MW award
- B. Flexibility given to the resource SC, rather than to the ISO
- C. Can be used to avoid conflicts with commitments that are not visible to the ISO
- D. Limited to significant event CPM designations only
- E. Changes are not allowed after the CPM designation is accepted – except as permitted by proposal 4.1

CPM Enhancements Track 1

Proposal 4.3: CPM reporting via OASIS

- The ISO proposes to meet its CPM designation reporting obligations through its open access same-time information system (OASIS), which now receives CPM designation information directly from the ISO's customer interface for resource adequacy (CIRA) application
- As part of this proposal, the ISO plans to remove the tariff requirement (under section 43A.6.2) for the ISO to post a market notice when the CPM designation report is available.

Example of Existing CPM Designation Report⁵

October 2021 Significant Event Capacity Procurement Mechanism Designations Report

Designation Summary:
In October 2021, the California ISO issued Significant Event Capacity Procurement Mechanism (CPM) designations to multiple generating units. The designations' effective dates are listed in the table below and have a 30-day term. Prior designations have been included in a previous report.

CPM Significant Event Designations

Resource ID	CPM MWs	Designated Start Date	CPM Type	Price \$/kW-mon	Tac Area
OMAR_2_UNIT 1	2.32	10/1/2021	SIGEV	6.31	SYS
OMAR_2_UNIT 2	2.12	10/1/2021	SIGEV	6.31	SYS
OMAR_2_UNIT 3	2	10/1/2021	SIGEV	6.31	SYS
OMAR_2_UNIT 4	2	10/1/2021	SIGEV	6.31	SYS
SYCAMR_2_UNIT 1	3	10/1/2021	SIGEV	6.31	SYS
SYCAMR_2_UNIT 2	8	10/1/2021	SIGEV	6.31	SYS
JAWBNE_2_SRWWD2	2.36	10/1/2021	SIGEV	6.31	SYS
GATEWT_2_GESBT1	5	10/1/2021	SIGEV	6.31	SYS

Reason for CPM Significant Event Designations:
The California ISO (ISO) issued CPM Significant Event designations to the resources listed above to address a CPM Significant Event. A CPM Significant Event is "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."

Preliminary Mock-Up of OASIS CPM Designation Report

RESOURCE_ID	RESOURCE_NAME	PERIOD_TYPE	CPM_TYPE	CPM_MW	CPM_PRICE	START_DATE	END_DATE	DURATION	DESIGNATION_DETAILS
CALBCH_1_TEST	California Beach	INTRAMONTHLY	SIGEV	60	6310	6/1/2021	7/1/2021	30	Significat Event CPM for Summer 2021
CALHLS_1_TEST	California Hills	INTRAMONTHLY	ED	100	6310	9/1/2021	10/31/2021	60	Exceptional Dispatch CPM to mitigate a local reliability need in the Hubmoldt area

⁵ October 2021 Significant Event CPM Designations Report
<https://www.caiso.com/Documents/October2021SignificantEventCPMReport.pdf>

CPM Enhancements Track 1

Proposal 4.4: CPM market notices

- The ISO proposes to extend the CPM designation market notice deadline from two business days to five business days⁶
- Will ensure the ISO has sufficient time to collect the information needed for the market notice, undertake the proper reviews, obtain necessary approvals, and issue a market notice

⁶ ISO tariff section 43A.6.1

CPM Enhancements Track 1

Proposal 4.5: CPM notifications to scheduling coordinators

- The ISO proposes enhancements to its customer interface for resource adequacy (CIRA) application to make the resource scheduling coordinator contact information visible to and editable by the resource scheduling coordinator.
- Will help ensure that CPM designation notifications are sent to the right contacts
- These changes will likely not require any tariff modifications