




# Capacity Procurement Mechanism (CPM) Enhancements Straw Proposal – Track 1

Stakeholder Meeting  
August 4, 2022

# 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 Elizandra Casillas or to all panelists.

# Today's Agenda

Time	Topic	Presenter
9:00 – 9:10	Welcome and stakeholder process	Elizandra Casillas
9:10 – 9:30	Capacity Procurement Mechanism (CPM) enhancements <ul style="list-style-type: none"><li>• Introduction and background</li></ul>	CB Hall Abdul Mohammed-Ali
9:30 – 10:20	CPM enhancements: track 1 straw proposal <ul style="list-style-type: none"><li>• <u>4.1</u>: reducing the volume (MW) of significant event CPM designations when the designated capacity is committed and visible to the ISO</li><li>• <u>4.2</u>: reducing the term of significant event CPM designations when the designated capacity is already committed but not visible to the ISO</li><li>• <u>4.3</u>: CPM reporting</li><li>• <u>4.4</u>: CPM market notices</li><li>• <u>4.5</u>: CPM notifications to scheduling coordinators</li></ul>	CB Hall Abdul Mohammed-Ali
10:20 – 10:30	Next steps and proposed schedule	Elizandra Casillas

# CAISO Policy Initiative Stakeholder Process



We are here

# INTRODUCTION AND BACKGROUND

# Introduction and Background

## Capacity Procurement Mechanism (CPM) Fundamentals

- Used by the ISO to address resource adequacy (RA) deficiencies and potential reliability concerns (refer to six designation types on following slide)
- Often referred to as “backstop” procurement
- Relies on capacity willingly offered to the ISO by resource owners through annual, monthly and intra-monthly competitive solicitation processes (CSPs)
- In CSPs, resource owners may offer their capacity to the ISO at prices up to a soft offer cap, currently set at \$6.31/kW-month
- Offers above the soft offer cap must be cost-justified at FERC to recover up to a resource-specific cost of service rate<sup>1</sup>

<sup>1</sup> ISO tariff section 43A.4.1.1.1

# Introduction and Background

## **CPM designation types<sup>2</sup>:**

1. Insufficient local capacity area resources shown in an annual or monthly RA plan
2. Collective deficiency in local capacity area resources
3. Insufficient RA resources shown in a load-serving entity's annual or monthly RA plan
4. A CPM significant event
5. A reliability or operational need for an exceptional dispatch CPM
6. A cumulative deficiency in the total flexible RA capacity included in the annual or monthly flexible RA capacity plans, or in a flexible capacity category in the monthly flexible RA capacity plans

<sup>2</sup> ISO tariff section 43A.2



# Introduction and Background

## CPM Enhancements Stakeholder Initiative

- Track 1 addresses five operational and process enhancements
  - Proposal 4.1: reducing the volume (MW) of significant event CPM designations when the designated capacity is committed and visible to the ISO
  - Proposal 4.2: reducing the term of significant event CPM designations when the designated capacity is already committed but not visible to the ISO
  - Proposal 4.3: CPM reporting
  - Proposal 4.4: CPM market notices
  - Proposal 4.5: CPM notifications to scheduling coordinators
- Track 2 will re-examine the CPM soft offer cap and will likely require a longer stakeholder process

# TRACK 1 STRAW PROPOSAL

# CPM Enhancements Track 1 Straw Proposal

## **Proposal 4.1: reducing the volume (MW) of significant event CPM designations when the designated capacity is committed and visible to the ISO**

The ISO proposes to make mid-term significant event CPM award (MW) reductions if the designated capacity receives an RA contract, RMR contract, or monthly CPM designation that begins during the term of the significant event CPM

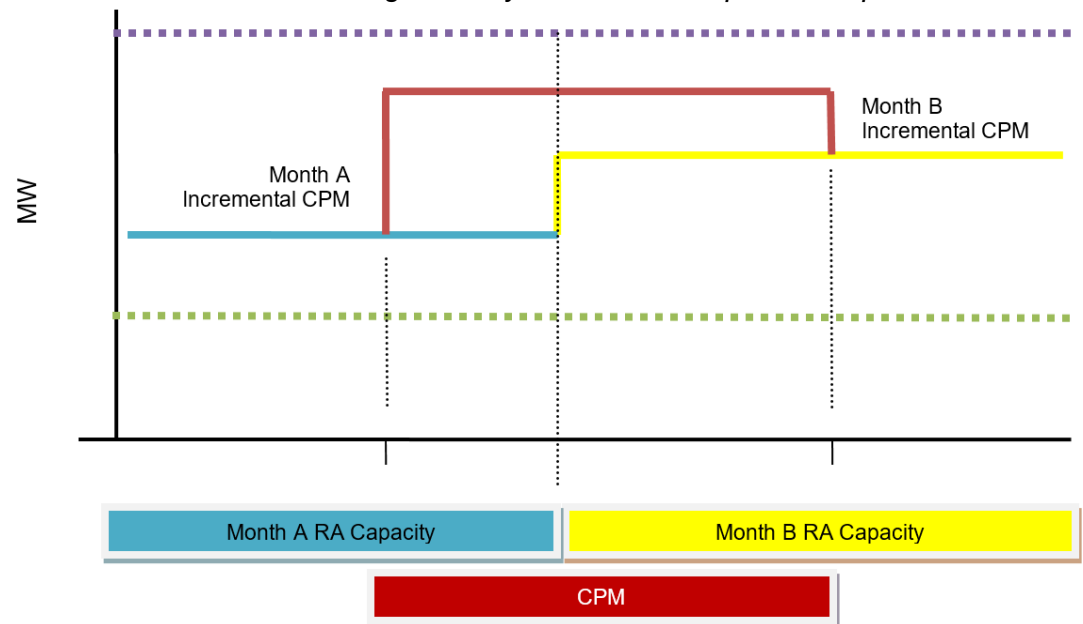
The ISO has this authority and flexibility for exceptional dispatch CPM awards (see illustration)<sup>3</sup>

Enhancement will allow the ISO to take full advantage of uncontracted capacity in a specific calendar month, even if that uncontracted volume is not available for a full 30 days

<sup>3</sup> ISO Tariff Section 43A.2.5.2.4

<sup>4</sup> ISO business practice manual for reliability requirements, section 12.3.2

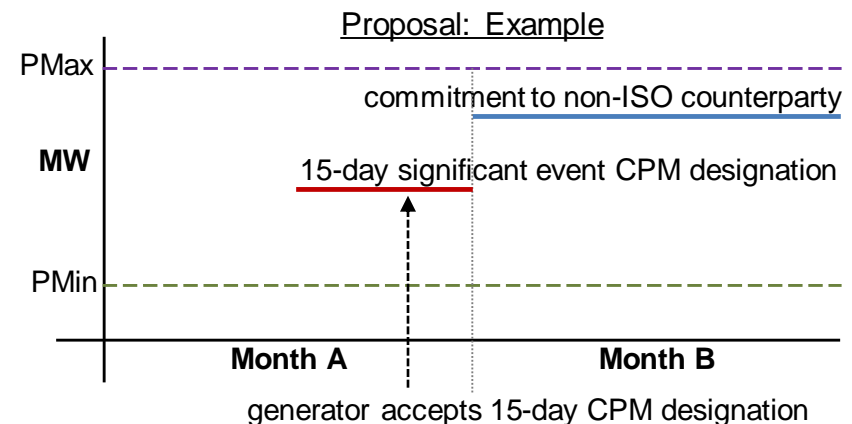
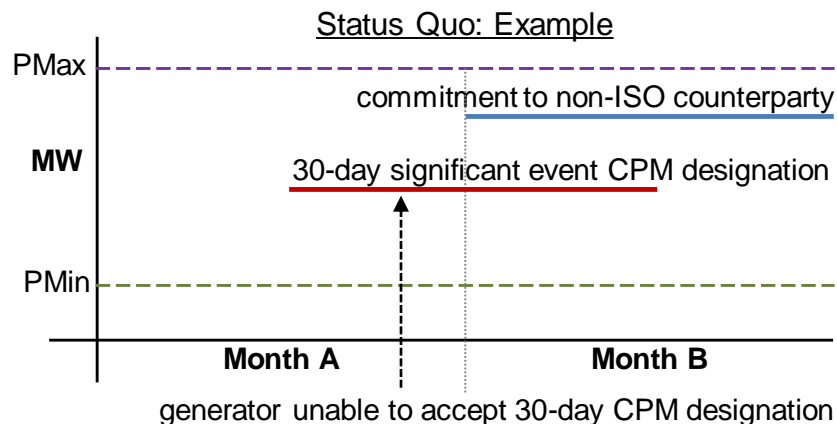
*Illustration of ISO's existing authority related to Exceptional Dispatch CPM Awards<sup>4</sup>*



# CPM Enhancements Track 1 Straw Proposal

## **Proposal 4.2: Reducing the term of significant event CPM designations when the designated capacity is already committed but not visible to the ISO**

- The ISO proposes to allow generators to voluntarily accept significant event CPM designations for less than 30 days when the designated capacity has already been committed for the upcoming month, but the commitment is not visible to the ISO
- Examples of commitments not visible to the ISO
  - Commitments to counterparties outside the ISO
  - RA capacity not shown on an ISO supply plan
- Will provide the ISO with more immediate access to available capacity



# CPM Enhancements Track 1 Straw Proposal

## Key Distinctions Between Proposal 4.1 and Proposal 4.2

Proposal 4.1	Proposal 4.2
Significant event CPMs and interactions with <u>commitments visible to the ISO</u> (specifically: <i>RA, RMR and monthly CPMs</i> )	Significant event CPMs and interactions with <u>commitments not visible to the ISO</u>
Addresses interactions with ISO-visible commitments, including when such commitments are accepted <u>after</u> the significant event CPM award was accepted	Addresses commitments not visible to the ISO, but only when such commitments are accepted <u>before</u> the significant event CPM award was accepted
Allows for a reduced significant event CPM award ( <u>MW</u> )*	Allows for a reduced significant event CPM <u>term</u>
Gives flexibility to the <u>ISO</u>	Gives flexibility to the <u>generator</u>


\*This can also mean a reduced term if the significant event CPM award is reduced to 0 MW

# CPM Enhancements Track 1 Straw Proposal

## Proposal 4.3: CPM reporting

- 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
- Will allow for more efficient CPM designation reporting

Example of Existing CPM Designation Report<sup>5</sup>



California Independent System Operator Corporation

**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**

**Amount and Cost:**

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

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

# CPM Enhancements Track 1 Straw Proposal

## **Proposal 4.4: CPM market notices**

- The ISO proposes to extend the CPM designation market notice deadline from two business days to five business days<sup>6</sup>
- 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

<sup>6</sup> ISO tariff section 43A.6.1

# CPM Enhancements Track 1 Straw Proposal

## **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



# NEXT STEPS

# CPM Enhancements Track 1 Initiative Schedule

Date	Development
<b>07/28/22</b>	Publish straw proposal
<b>08/04/22</b>	Stakeholder conference call: straw proposal
<b>08/18/22</b>	Comments due: straw proposal
<b>09/16/22</b>	Publish draft final proposal
<b>09/23/22</b>	Stakeholder conference call: draft final proposal
<b>10/7/22</b>	Comments due: draft final proposal
<b>11/03/22</b>	Publish draft tariff language
<b>11/08/22</b>	Publish final proposal
<b>11/17/22</b>	Comments due: draft tariff language
<b>11/22/22</b>	Stakeholder conference call: draft tariff language and final proposal
<b>12/15/22</b>	Board of Governors Meeting
<b>2023</b>	FERC filing and implementation

*\*Dates are tentative and subject to change.*

## Next Steps

- Please submit comments on the track 1 straw proposal and meeting discussion using the commenting tool linked on the initiative webpage
  - Comments are due by end of day Aug. 18, 2022
- 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](mailto:isostakeholderaffairs@caiso.com)



- The ISO is pleased to be hosting the Stakeholder Symposium in person at the Safe Credit Union Convention Center in downtown Sacramento on Nov. 9 – 10, 2022.
- Register on the Stakeholder Symposium page at: <https://californiaiso.swoogo.com/2022StakeholderSymposium>
- Please direct questions to [symposiumreg@caiso.com](mailto:symposiumreg@caiso.com)