



Track 1 RA Proposals

February 22, 2018

CPUC RA Workshop

R.17-09-020

Overview of Proposals

- Multi-year forward RA Requirement (RAR) with 4 required components.
 - Alternate in the interim -- 3-year forward Local RA procurement obligation.
- Align RA and RMR processes.
- Expand IOUs' authority for RA transactions.

Multi-Year RAR – Critical Issues to Address for Competitive LSEs

- Risk-management tools that provide price transparency, market liquidity and transactional ease.
- Regulatory certainty:
 - CAM and other on-behalf-of procurement incompatible with multi-year RAR.
 - Who is the provider of last resort?
- Proposal → Multi-Year forward RAR with 4 required components.

Multi-Year RAR – Required Components

- Initiate centralized capacity market operated by the CAISO.
- Eliminate or strictly limit on-behalf-of procurement by the IOUs with LSE opt out for any such procurement authorized.
- Adopt provider-of-last-resort (POLR) service supplied through market mechanisms.
- Implement clear rules addressing how and when IOUs will make excess capacity available to the market.

Alternate -- 3-Year Forward Procurement of Local RA

- “Urgent” procurement challenges for Local RA can be addressed through a 3-year forward Local RAR procurement obligation.
- Proposal → Declining forward procurement obligation for Local RA for LSEs:
 - Year Ahead = 100%
 - Two Years Ahead = 70%
 - Three Years Ahead = 30%
- CAISO establishes the forward LCRs.
- Addresses market risk from load migration.

Align RA and RMR Processes

- Current RA and RMR timelines require CAISO to extend RMR contracts before bilateral RA contracting completed.
- Proposal → Align processes to permit LSEs to complete bilateral RA contracting *before* CAISO acts on RMR extensions:
 - Final revised RARs issued to LSEs – Sept 4-6
 - Annual RA showing deadline – Sept 30
 - CAISO Conditional RMR extension – mid-Oct
 - CAISO final RMR approval letter – Nov 1

Expand IOUs' Authority for RA Transactions

- IOUs' must obtain PRG approval for transactions with term > 3 months.
- Discourages transactions with other LSEs, creates market inefficiencies, and increases potential for LSE deficiencies.
- Proposal \rightarrow Permit IOUs to transact RA capacity for terms of up to 1 year without PRG approval.