

## Proposal for Changes to Local RA Program

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- Process modification to address emerging local issues
- Separate procurement responsibility for local capacity from system and flexible capacity.
  - Local procurement done by central buyer
  - System and flexible procurement remain responsibility of LSEs with no significant change to these programs under this proposal.
- Local capacity procured would lower system and flexible requirements prior to being allocated to appropriate LSEs.

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- CAISO/PTO assess local needs in 1-5 years forward in TPP/LCR
  - Take into account existing and planned changes to the grid, load and resources in each local area.
  - Identify all reliability needs occurring in that local area over the one-to-five-year-forward time horizon.
  - Coordinate with IRP process.
- Central buyer holds annual all-source solicitation to meet identified need
  - Eligible resources: existing/new generation, transmission, DERs
  - Selection process monitored:
    - By CPUC for costs/policy goals
    - By CAISO for meeting reliability need.
  - Contracts with resources to meet reliability need in each year of 5-year forward look

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- Costs recovered through transmission charges after delivery month based on loads.
- Procured resources lower flexible and system RA requirements, if applicable.
- Requirements for procured energy-producing resources meeting local reliability needs:
  - Bid into the energy market at incremental costs
  - Energy margin collected would be credited against costs paid by the procurement agent.
- CAISO retains CPM authority for backstopping any need that may arise from resource non-performance.
  - CPM costs allocated to non-performing resource.