



SHELL ENERGY TRACK 2 RA PROPOSALS

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MULTI-YEAR FORWARD LOCAL RA PROCUREMENT OBLIGATION

- A 3-year local RA forward procurement requirement necessitates a Centralized Capacity Market (CCM) due to credit/cost burden on load
- CAISO as Central Buyer would conduct annual CCM auction for three years forward and separate reconfiguration auctions for years two and one
- Separate auctions are necessary for each of the 10 LRAs
- FERC jurisdiction (wholesale and interstate market)
- All resources whether or not under contract shall be bid into auctions
- The CCM auctions will establish a clearing price for each LRA by year, which is settled by load in the prompt year
- Move Flexible RA to CAISO reserve product procured daily in IFM

CENTRAL BUYER OF LOCAL RA (BACKSTOP FUNCTION)

- CAISO as Central Buyer would also be responsible for backstop procurement due to LRA deficiency through RMR and CPM agreements or ultimately procurement of new resources
- CAISO will compare generation bids versus new transmission
- Single Service Area Procurement Entity not necessary and will undermine CCM
- “Cap” on price for local RA may inhibit new generation bids
- If a “Cap” is adopted, it should be set by the actual price paid by IOUs under recent PPAs approved by CPUC

