

Multi-Year RA Working Group Topics

Short Term Solutions Implementable for 2019 (10am-11am)

- Should the Commission disaggregate local areas, and/or consider sub-areas for 2019? How would that work? What are the market power implications of sub-local requirements? How could market power concerns be mitigated if local areas were disaggregated?
- Ormond Beach and Ellwood have been identified as being needed in the Moorpark sub-area for 2019. Ormond has sent letters to the CAISO and the Commission that it seeks to retire in the 3rd quarter of 2018. What are possible paths forward to avoid out of market procurement (RMR or CPM)?
- If we have identified resources for 2019 that will need to be procured (e.g., Ormond) should we authorize a central agent to procure those for 2019 on behalf of the TAC or should they go through the CPM/RMR backstop process?
- Some parties have proposed the use of an electronic bulletin board as a means to increase liquidity in the bilateral market. What can the Commission do to increase the usage of the electronic bulletin board? What are the current barriers/obstacle that keep LSEs from using the current electronic bulletin board?
- PG&E proposed to allocate its entire local portfolio (with the exception of its renewables) through CAM in response to Shell's request to have the IOUs sell off their excess capacity. How would this help to facilitate less backstop procurement for 2019?

Studies to Guide Multi-Year Forward Procurement (11am-12pm)

- Should two separate studies be done, one to determine multi-year forward obligations and one to determine the optimal set of resources needed to meet those needs?
- Is the CAISO Local Capacity Requirement (LCR) Study an ideal process to set multi-year forward local needs? Should transmission and preferred resource alternatives be considered in the need determination process or elsewhere?
- What changes, if any, would need to be made to a multi-year LCR study process?
- What kind of study (i.e., power flow) should be used to identify critical generation that will be needed to run the grid reliably into the mid-term future? How would this type of study interact with the Integrated Resource Planning Process?
- Should the study focus on incremental needs (resources at risk of retiring) or total need (all resources needed to reliably run the grid)?
- What exactly should be prioritized in such a study beyond reliably maintaining the grid (e.g., GHG reductions, flexible attributes, DAC), and what should the outputs of this study be, precisely?
- Should PTOs be directed to perform local or sub-area power flow analyses, in collaboration with the CAISO? What exactly should be analyzed/prioritized in such a PTO study, and what would the outputs of these studies be, precisely?
- How should the results of such CAISO/PTO studies be shared and used, and with/by whom? What are the market power and competitiveness implications?

Duration and Forward Obligation (1pm-2pm)

- Time frame- what amount of time is appropriate for potential multi-year framework (3-5 years)?
 - Is three years long enough to provide cost recovery for major maintenance?
 - Is five years too long, given the uncertainty in load forecasts, transmission upgrades and other process that seek to lower LCR need?
- Forward obligation percentages
 - If the Commission authorized a central buyer, would higher percentage requirements be more appropriate given that uncertainty regarding load migration would not impact costs?
 - Should historical contracting information be used in helping to set these percentages? What has been a sufficient level in the past? What other data could be used in developing the level of procurement?
- Should requirements be to the sub-local area level? If so, how can market power concerns be mitigated? Should the local waiver price change?
- Should multi-year (local) RA have an implementation glide path? How would that work?
 - Lower percentages for early years? Or first year voluntary?

Central Buyer or Not (2pm-3pm)

- If the Commission allocates multi-year requirements to each LSE, would we expect all LSEs to be willing and able to procure?
- If LSEs are unable to meet their obligations, would some type of backstop mechanism be necessary (through a central buyer or otherwise)?
- Can LSEs reasonably be expected to procure to sub-local requirements?
- What potential tools could be used to mitigate load migration risk in a future LSE-specific multi-year procurement framework? How could costs transfer with load migration?
- If CAISO was the central buyer; what type of assurance could be provided that would allow the State to implement its environmental goals? Please be specific.
- Several parties commented on why the IOUs are not best positioned to be central buyers. The reasons included that IOUs could have lower load in the future and therefore there was less incentive to be the buyer, another party thought it would be less economically efficient to have three buyers vs. one buyer. Are there other key reasons that make the IOUs less desirable as a central buyer for local?
- What other central procurement agent could allow the State to retain its jurisdiction while also optimizing reliability at least cost?
- If the Commission were to consider one or more central buyers of RA, should that entity procure all local RA, or just certain essential resources?
- If the Commission were to adopt multi-year RA with a central buyer and a self-procurement option, how could this option be implemented? Please consider timing, tracking, valuation, and verification of the LSE's self-procured RA portfolio.

Compliance and Enforcement (3pm-4pm)

- What happens if LSEs – or central buyer(s) – fail to procure?

- If a particular sub-area is resource-constrained and therefore costs more (either higher-cost bilateral contracts, CPM, or RMR), who should pay for that incremental cost?
- The local waiver trigger price is currently set at \$40 kW-year (\$3.33 kW-month). Does the waiver price need to be revised?
- At what point should backstop occur, and how?