



California ISO
Shaping a Renewed Future

Benefits of a Multi-year Resource Adequacy Program

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Rapid Structural Changes are Impacting our Industry's Traditional Means of Producing and Delivering Energy

Policy and technology are driving change:

- Once Through Cooling policy to protect marine life.
- Increasing Renewable Portfolio Standard.
- Growing numbers of distributed energy resources.

Opportunity

- Link planning and procurement functions across multiple years to address these structural changes and secure resources in the right places with the right capabilities.

Benefits of a Multi-year Resource Adequacy Program



There are at least four benefits of a Multi-year Resource Adequacy Program

- Minimizes Disorderly Retirement
 - Better economic signals sent to market participants to encourage “efficient” retirements
- Encourages Preferred Resources
 - More time for a developer to create a program or product
 - Creates an obligation, and therefore certainty around the development of preferred resources
- Links Procurement and Planning Functions
 - More holistic and complete view of resource needs over the short and long-term horizon
- Provides Investment Signals to Existing Resources
 - Aligns capacity procurement and timing of investment decisions for existing resources- upgrades, repowers, capacity additions, flexibility

A multi-year requirement must include 100% forward capacity requirements for flexible resources

- The flexible requirement must be 100% into the future in order for the multi-year RA forward requirement to mitigate the risk of retirement
- The flexible resources at risk of retirement are the resources on the margin:
 - Resources with high operational costs
 - Resources that will require significant investment to remain in service
 - Generic resources that will require investment to become flexible