

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

California Independent System
Operator Corporation

Docket No. ER11-2256-000

SUPPLEMENTAL NOTICE OF AGENDA AND DISCUSSION TOPICS
FOR STAFF TECHNICAL CONFERENCE

(April 13, 2011)

This notice establishes the agenda and topics for discussion at the technical conference to be held on April 28, 2011 to discuss issues related to California Independent System Operator Corporation's (CAISO) Capacity Procurement Mechanism (CPM) compensation methodology and exceptional dispatch mitigation provisions.¹ The technical conference will be held from 9:00 a.m. to 4:00 p.m. (EDT) in the Commission Meeting Room at the Commission's headquarters, 888 First Street, NE, Washington, DC. The technical conference will be led by Commission staff. All interested parties are invited to attend, and registration is not required.

The topics and related questions to be discussed during this conference are attached. The purpose of the technical conference is to provide Commission staff and interested parties an opportunity to discuss the CPM compensation methodology and exceptional dispatch mitigation in detail with CAISO. No formal presentations will be made other than an opening presentation by CAISO; however, parties will be encouraged to participate in the discussion along with Commission staff. Parties may also file questions or potential discussion topics in the docket prior to the technical conference. Any such filings will be for discussion purposes only. All parties are invited to file written comments following the technical conference.

A free webcast of this event is available through www.ferc.gov. Anyone with Internet access who desires to view this event can do so by navigating to www.ferc.gov's Calendar of Events and locating this event in the calendar. The event will contain a link to its webcast. The Capitol Connection provides technical support for the free webcasts. It also offers access to this event via television in the DC area and via phone bridge for a fee. If you have any questions, visit www.CapitolConnection.org or call (703) 993-3100. Parties attending the conference via webcast will have the opportunity to submit questions during the conference via email at Kathryn.ohare@ferc.gov.

¹ *Cal. Indep. Sys. Operator Corp.*, 134 FERC ¶ 61,211 at P2 (2011).

FERC conferences are accessible under section 508 of the Rehabilitation Act of 1973. For accessibility accommodations please send an email to accessibility@ferc.gov or call toll free 1-866-208-3372 (voice) or 202-208-8659 (TTY), or send a fax to 202-208-2106 with the required accommodations.

For more information on this conference, please contact Kathryn Hoke at Katheryn.hoke@ferc.gov or (202) 502-8404, or Colleen Farrell at Colleen.farrell@ferc.gov or (202) 502-6751.

Kimberly D. Bose,
Secretary.

**Agenda for the CAISO CPM Compensation Methodology and Exceptional Dispatch
Mitigation Technical Conference
April 28, 2011**

Opening Remarks

9:00 am – 9:15 am Greeting and Opening Remarks

9:15 am – 10:00 am Opening presentation presented by CAISO

Discussion

Each of the following discussions will be led by Commission Staff, with questions on each topic to be raised by staff and interested parties in attendance. No party should expect to make any formal presentation during these discussions; however, parties should plan to participate in topics of specific interest. Staff's objective is to obtain new information on each of these topics that is not yet in the record for this proceeding. Please note that although we have allotted the entire morning session to discussion of the CPM compensation methodology, we will move on to discussion of exceptional dispatch mitigation as soon as the compensation discussion is concluded.

10:00 am – 12:30 pm Discussion on the CPM Compensation Methodology

- Whether the proposed going-forward formula for CPM compensation continues to be appropriate.
- Whether and how CPM compensation should change in response to changes in supply and demand so that the CPM continues to ensure appropriate compensation to non-resource adequacy resources that provide reliability services similar to those provided by resource adequacy resources.
- Whether and how CPM compensation should respond to localized scarcity conditions; please evaluate the challenges and benefits of implementing CPM scarcity pricing.
- Given that resource adequacy resources are currently procured through bilateral contracting, whether and how CPM compensation should replicate bilateral market results.
- Please discuss the feasibility and appropriateness of using a mechanism such as a demand curve to allow the price of CPM capacity to rise during times of supply shortages.
- Other than a demand-curve based compensation mechanism, how could the CPM compensation methodology be modified to better respond to changing market conditions (i.e., fluctuations in supply and demand over time); please discuss the challenges and benefits of any such approach.
- Whether different categories of CPM designations, including resources selected on the basis of specific operating characteristics and resources designated as at risk of

retirement, should be compensated differently.

- What role the CPM should play in sending price signals for demand response.
- How demand response will play a role in the CPM and/or exceptional dispatch consistent with Order No. 719 (e.g. criteria for selecting demand response resources for CPM designations or exceptional dispatch instructions).

12:30 pm – 1:15 pm *Lunch break*

1:15 pm – 3:45 pm Discussion on Exceptional Dispatch Mitigation

- Whether and how CAISO's efforts towards reducing the frequency and volume of exceptional dispatches have affected the potential for exceptionally dispatched resources to exercise market power.
- Whether CAISO's non-competitive path assessment remains a reliable indicator of the need for exceptional dispatch mitigation in light of protesters' assertions that the competitive path assessment over-classifies paths as non-competitive.
- Whether or how changes over the past two years, such as an increase in the number of resources available in the delta dispatch, have resulted in a reduction in the ability of any single resource to exercise market power in relation to the delta dispatch restrictions.
- Whether there is data or, alternatively, detailed specific theoretical scenarios, that demonstrate with some type of regularity or predictability the potential for resources that are exceptionally dispatched in relation to non-competitive constraints or delta dispatch to exercise market power.

3:45 pm – 4:00 pm Closing Remarks