



Forward Capacity Auction 19 (FCA 19) One Year Delay

Review proposed design and Tariff redlines

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Proposed Effective Date: January 2024

- At the June PC and July and August MC meetings, the ISO reviewed the objectives and considerations for whether the Resource Capacity Accreditation (RCA) project should be included in Capacity Commitment Period 19 (CCP 19) and sought stakeholder feedback
- At the September MC meeting, the ISO introduced its proposed approach to moving forward with RCA for CCP 19
 - Option 2A: Plan to implement RCA for FCA 19 for CCP 19, with the auction held in 2026; by Q1 2024 decide whether to implement prompt auctions starting with CCP 19 in early 2028; with continued discussions beginning in late 2024 on implementing as prompt/seasonal auctions starting in early 2028
- The focus of this presentation is to review the proposed design for delaying FCA 19 by one-year as well as the proposed Tariff redlines

ISO's Approach to Proceeding with Option 2A

- Prepare to implement RCA for CCP 19 with the auction delayed to 2026, while continuing to evaluate plans for moving to prompt and then seasonal auctions for CCP 19 and beyond
 1. Prepare proposed schedule to delay FCA 19 implementation by one year (the focus of this presentation)
 2. Continue design discussions for RCA implementation
 3. Continue assessing whether to develop a proposal for a prompt auction for CCP 19
 - Target Q1 2024 to decide whether to develop proposal for prompt auctions starting with CCP 19 in early 2028
 - Continue discussions later in 2024 on developing proposal for implementing prompt/seasonal auctions starting in early 2028
- The ISO would operationalize this by making an **initial filing** to FERC by the end of the year suspending the current timing for FCA 19, while including a backstop schedule for FCA 19 that is delayed by one year
 - The filing would indicate that the ISO would make a **second filing** in Q2/Q3 2024, after additional stakeholder discussion, either with:
 - Additional tariff changes needed to effectuate a one-year delay (this option would currently be expected to include the RCA design); or
 - A new schedule to effectuate a prompt capacity auction for CCP 19 in 2028 (detailed design would follow)

Design Details

- Qualification and auction activities for FCA 19 would be delayed by exactly one year
 - Uses the timeline that would have been used for FCA 20 with the 3+ year forward period
- For FCAs 20-25, the qualification and auction activities would be conducted under a 10-month timeline
 - This would result in conducting FCA 26 according to the typical 12-month timeline
- The First Annual Reconfiguration Auction (ARA) would be eliminated for CCPs 19-24

CCP	FCA	Revised ARA Dates
19	February 2026	ARA 2 – August 2027; ARA 3 – March 2028
20	December 2026	ARA 2 – August 2028; ARA 3 – March 2029
21	October 2027	ARA 2 – August 2029; ARA 3 – March 2030
22	August 2028	ARA 2 – August 2030; ARA 3 – March 2031
23	June 2029	ARA 2 – August 2031; ARA 3 – March 2032
24	April 2030	ARA 2 – August 2032; ARA 3 – March 2033
25	February 2031	

Design Details, cont.

- Qualification activities for FCAs 19-25 will use the most recent information
 - E.g. Existing Generating Resource qualification will be based on the most recent seasonal claimed capabilities at the time that qualification is conducted
 - In general, this approach aligns with the existing Tariff language and with the existing implementation in ISO systems (Forward Capacity Tracking System)
- Installed Capacity Requirement calculations for FCAs 19-25 will use the most recent forecasting information available when the calculations are performed
- Time-value calculations (e.g. CONE) would recognize the shortened forward timeline for FCAs 19-25
- The ISO has not identified any significant design issues that would need to be resolved now in association with the one-year delay, using the current FCM design
 - Note that qualification activities for FCA 19 would not actually begin until 2025, allowing time to address any issues that come to our attention in the meantime
 - Changes will continue to be discussed in the context of adding RCA to the qualification schedule
- Some stakeholders have asked about the interconnection process for new generators
 - The ISO is discussing this at the Transmission Committee in the context of our compliance with the recent FERC Order 2023 - Improvements to Generator Interconnection Procedures and Agreements



Summary of Proposed Tariff Changes

Tariff Section	Tariff Change	Reason for Change
III.13	Deleting language applicable to FCA 17 schedule changes	No longer needed
III.13	New language explaining FCA 19 (CCP 2028-2029) will be delayed by one year	Delay FCA 19 by 1 year
III.13	New language explaining that FCAs 20-25 (CCPs 2029-2034) will run on a 10-month schedule	Incorporate transition back to 3.5 year forward auction
III.13	New language explaining that for FCAs 19-24, the ISO will not run ARA 1 (there will only be two ARAs prior to each CCP)	Eliminate ARA 1, as needed, during transition back to 3.5 year forward auction
III.13	New language explaining that the ISO may adjust FCA activity dates by 10 business days with at least 30 days notice	Incorporate flexibility to revise FCA activity dates

Conclusion

- The ISO is preparing to implement RCA for CCP 19 with the auction delayed to 2026, while continuing to evaluate plans for moving to prompt and then seasonal auctions for CCP 19 and beyond
- The ISO proposes to delay FCA 19 implementation by one year and compress the typical year-long FCA qualification cycle by two months for FCAs 20-25 resulting in a 10 month timeline
- The proposed effective date for these revisions is January 2024



Stakeholder Schedule

Stakeholder Committee and Date	Scheduled Project Milestone
Markets Committee <u>September 12-13, 2023</u>	Introduction
Markets Committee October 11-12, 2023	Review proposed Market Rule 1 revisions
Markets Committee November 7-8, 2023	Vote
Participants Committee November 16, 2023	Vote

Parallel Stakeholder Processes

- While the ISO continues to evaluate plans of moving to prompt and/or seasonal auctions for CCP 19 and beyond, it is preparing to implement RCA for CCP 19 with the auction delayed to 2026
- Below are the parallel stakeholder processes associated with these FCA 19-related efforts

		2023			2024											
		Q4			Q1			Q2			Q3			Q4		
		O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
RCA Forward, Annual (for FCA 19 if delayed)	Refresher	Conceptual and Detail Design					Final Design, Review Tariff, and Amendments			MC/RC Vote	PC Vote File				Eff. Date	
FCA 19 One-Year Delay	Review Tariff	MC Vote	PC Vote	File	Eff. Date											
Alternative FCM Commitment Horizons	Analysis - Scope, Methodology, and Findings	ISO recommendation on whether to develop prompt proposal														

Questions

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APPENDIX



Timeline for FCA 19 Cycle with One Year Delay

Draft - Forward Capacity Auction 19 Schedule Capacity Commitment Period: 2028-2029

