Path 26 Constraint

CPUC Resource Adequacy Track 3 Workshop

March 12 – 13, 2019

Need for the Constraint

- Energy Division Staff has demonstrated the constraint is unlikely to bind

- However, if it did, and the CAISO had only RA resources available to operate the grid, the path would become overloaded

- Therefore, under the most stringent of circumstances, the CAISO would need to take action to ensure the sufficiency of the RA fleet

Difficulties of Current Construct

- Energy Division staff has indicated that some portion of allocations go unused, yet:
    - Entities in need of the unused allocation are not able to obtain the rights
- The result has been complex swap arrangements to sell a portion of an entities SP resources (that were not shown on the path 26 netting filing) in exchange for a portion of another entities NP resources (that were not shown on the path 26 netting filing)
    - These arrangements are not always easy to find and come at a cost in both time and procurement
    - Effectively, this arrangement is a form of path 26 netting that does not occur in the annual process due to the obligations taken on in the netting process

Potential Solutions

- Discontinue the Path 26 counting construct for RA
  - Since the constraint may bind, this implies that the CAISO may then need to utilize backstop authority to address RA fleet sufficiency
    - The frequency of such actions would be informative in evaluating the efficacy of this solution
- Change the process to share similarities with the local RA process
  - Annual showings would provide an indication of the months in which the showings are coming the closest to violating the constraint
    - Publication of such information will inform LSEs of what they will need to do in the monthly process to address the constraint
  - The monthly process will automatically net north to south and south to north flows since all RA resources in the monthly process have a MOO
  - The CAISO will then evaluate the entire fleet shown to determine if the path 26 constraint is violated
    - If it is, then the CAISO can issue a deficiency giving the market notice of a need to cure
      - If not cured, the CAISO can utilize backstop authority to address the deficiency
        - Cost allocation of such backstop could be weighted to those most heavily relying on the use of path 26 in the direction of the constraint violation