

CY 2017 NCPA Capacity Pool Development of System and Local Capacity Price

Facilities Committee
August 3, 2016

Background

- Each Pool Member has established a Resource Adequacy Program that works in conjunction with the CAISO Resource Adequacy Program
- To enable efficient transfers of System and Local Resource Adequacy Capacity between the Pool Members, NCPA developed the Capacity Pool that is fully described in Pooling Agreement Schedule 4

Capacity Transfer Pricing

- Pursuant to Section 3.8 of Pooling Agreement Schedule 4, capacity pricing for both system and local area capacity will be developed annually, and will be established pursuant to Commission adoption and approval that will take place at the Commission meeting held in July
- The price may be developed via one (or a combination) of the following methods:
 - Negotiated Price
 - Market Price Survey
 - CAISO backstop procurement proxy value

CY 2016 Capacity Pool Prices

- Local Capacity
 - \$2.33 / kW-Month

- System Capacity
 - \$1.17 / kW-Month

Results of Informal Survey

- System Capacity Quotes
 - \$1.10 / kW-Month
 - \$1.00 / kW-Month
 - \$1.75 / kW-Month
 - \$0.75 / kW-Month

- Local Capacity Quotes
 - \$2.65 / kW-Month
 - \$2.50 / kW-Month

Additional Price Information

- System Capacity Rates
 - \$1.00 / kW-month
- Local Capacity Rates
 - \$1.95 to \$2.50 / kW-month
- Flexible Capacity Rates
 - \$1.30 / kW-month

NCPA Recommendation

- Subject to further discussion, NCPA Staff recommends establishing the following as the System and Local Resource Adequacy Capacity prices to be used in the CY 2017 NCPA Capacity Pool:
 - System Capacity - \$1.00 / kW-Month
 - Local Capacity - \$2.20 / kW-Month

Questions / Comments