

# TCPM Designation Report

## *Designation Summary:*

On June 2, 2008, the California ISO (CAISO) issued Must Offer Waiver Denials (MOWDs) for two resources, and this resulted in a designation of capacity under the Transitional Capacity Procurement Mechanism (TCPM). As a result of a planned outage in the Bay Area local area, the CAISO needed to commit capacity for local reliability reasons on June 2, 2008. The CAISO determined it was necessary to deny the must-offer waiver requests of Gilroy Cogen and Gilroy Energy Center Unit 3 (GEC 3), both non-RA, non-RMR units.

## *Duration and cost:*

The TCPM provides that a single must offer waiver denial (MOWD) results in an automatic 30-day designation of capacity under the TCPM for the unit's full eligible capacity. As a result of the MOWD, Gilroy Cogen was designated under the TCPM for 105 mw from 6/2/08 thru 6/30/08 and 100 mw on 7/1/08 for a cost of \$439,000 based on the applicable Monthly TCPM Charge<sup>1</sup>. Gilroy Energy Center Unit 3 (GEC 3) was designated under the TCPM for 45 mw for a cost of \$189,000 based on the applicable Monthly TCPM Capacity Charge.

Because the resources were committed as the result of a planned outage which did not last beyond the TCPM designation period, the CAISO will not extend this designation beyond the initial designation period.

## *Circumstances of the MOWD:*

The MOWD was issued as a result of a planned outage in the Bay Area local area and the resulting need for additional on-line capacity. The Transmission Owner provided an initial list of resources to mitigate the outage in their outage request submitted to the CAISO. CAISO verified the outage request, and then provided it to Grid Operations to assist with their commitment decisions. All of the RA or RMR units identified in the outage request were already online or unavailable, and Gilroy Cogen and GEC 3 were the most effective units remaining on the list. Specifically, the CAISO determined that the following units were committed on-line before the Gilroy Cogen and Gilroy Energy Center Unit 3:

- Metcalf Energy Center, an RA unit; and
- Gilroy Energy Center Units 1 and 2 Aggregate, an RMR unit

CAISO also notes that non-generation solutions were not an option for this outage.

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<sup>1</sup> As described in the CAISO tariff, the Monthly TCPM Capacity payment is adjusted by a Peak Energy Rent (PER) and availability factor. Thus, the actual payment that will be made to Gilroy Cogen and GEC 3 can range from a value of zero to a value slightly higher than the amount stated above, depending on the level of the PER and the units' availability during the designation period. .

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Additional information regarding the TCPM is available to download at:  
<http://www.caiso.com/1f65/1f65791614bd0.html>