

Regional Resource Adequacy Workshop #13: Contracts and Pre-look at Initial Draft Proposal Elements

September 17, 2026

Agenda

- Contracts: Concepts for Discussion
- Pre-look at Initial Draft Proposal Elements
 - Foundational Principles
 - Value Proposition, Program Scope, Data Access
 - Governance
 - Transmission
 - Compliance



Contracts: Concepts for Discussion

Introduction

- Contracted resources are anticipated to comprise a significant amount of qualifying capacity (QC) within the footprint, thus the need to begin to understand how the program may count them.
- Participant LSEs will likely transact to achieve compliance, or to optimize a surplus of QC.
- Transmission demonstration requirements are envisioned to apply to contracted resources; however, transmission related requirements are being developed with the transmission proposal and will likely not be included in this discussion.

Introduction

- The RA Work Group and the broader West is comprised of a diverse set of entities, each positioned differently in terms of portfolio mix, business model and oversight
- Due to this, regional RA program requirements may represent a departure from how contracts have been historically treated in respective planning and operational practices
- The RA Workgroup would like to present some concepts for stakeholder feedback

Contract Categories

- Resource Specific Power Purchase Agreements (PPAs)
- Firm Energy / Firm Capacity (WSPP Sched C) Contracts
- RA Contracts

Resource Specific PPAs

Concept: To qualify for inclusion in a compliance submittal

- Resources registered in a Participant's CAISO Masterfile may be included with no further verification required
- If the resource is not in the Participant's Masterfile:
 - Participant submits the contract to the Program Coordinator for verification, or
 - Seller signs a consent form (to be developed)
- Participant QC must be reflective of entitlement share
 - For example, if a 50% off-taker, claimed QC cannot exceed 50% of total resource QC

Resource Specific PPA Proposal

Public Utility Regulatory Policies Act (PURPA) Contracts (or equivalent)

- No contract review or Seller attestation would apply.
- Validation would occur via CAISO Masterfile review, or Participant attestation

Verification Process

- If needed, a contract may be submitted to the Program Coordinator for verification prior to inclusion in a Compliance Submittal.
- Exact items for verification to be further developed, but will likely include:
 - Quantity (MW)
 - Delivery point
 - Entitlement percentage
 - Exclusive RA / capacity attribute language

WSPP Schedule C Contracts

- Participant LSEs are diverse in their respective size and portfolio makeup.
- Schedule C contracts currently serve as an important planning and operational tool for some Participants.
- WSPP Schedule C products are proposed to be eligible for QC, with some potential additional qualifications and/or limitations.
- The RA Work Group would like to receive stakeholder feedback regarding treatment of this contract structure within the initial proposal.

WSPP Schedule C Contracts

Which Schedule C variants should be eligible for QC? Should any limits or additional requirements apply for each?

- Unspecified firm energy / capacity products
- Non-CAISO Source firm energy / capacity products
- Schedule C with additional non-delivery provisions, in addition to standard liquidated damage
- System-backed firm energy / capacity, with seller attestation that underlying resources are not otherwise committed to serve another obligation
- Others?

Verification: Participant LSE-to-Participant LSE Transactions

- The RA Work Group proposes that contracts between Participant LSEs do not require supplemental documentation.
- Both Participants would be required to enter the corresponding data in their respective Compliance Submittals to reflect the contract.
- This is intended to minimize administrative burden.

RA Contracts

For stakeholder reaction: Development of an RA contract structure

- Generally, an RA contract obliges an asset controller to make a physical resource available to the market for a contracted period. The purchaser has title to the RA attributes of the physical resource, for purposes of RA compliance.
- This contract structure would need to be developed for use outside of the CAISO BAA.
- Deliverability and performance requirements are among the details that would need additional work.
- As the operationalization of forward RA requirements are developed, the necessary mechanisms of this contract structure should become more clear.

Transition

- With potential Participant LSEs starting from various portfolios mixes, business models and oversight structures, moving toward a standardized resource adequacy framework for contracts will likely represent a change in historic planning and procurement practices.
- Bearing this in mind, the RA Work Group would find it very valuable to get feedback around what types of transition provisions for contracted resources stakeholders feel should be considered in the Initial Draft proposal.

Transition

Stakeholder considerations:

- Should the initial proposal include any transition provisions?
- Should the initial proposal allow some contract structures initially, and remove them from eligibility at a later date?
- Should the initial proposal phase-in, or phase-out any types of contracts?
- Should some contract types only be allowable under certain circumstances? (i.e., significant forced resource outage)
- Should any thresholds be established for certain contract structures?

Contract Proposal Summary

- The list of qualifying contract structures is expected to evolve with the needs of the program footprint.
- Future changes would undergo stakeholder review and would be subject to approval under the governance framework.
- As the operationalization of the program develops toward a pooled RSE of EDAM BAAs, system needs may dictate additional parameters or changes as a result of this evolution.



Pre-look at Initial Draft Proposal Elements

Approach for Initial Draft Proposal

- The RA Work Group will begin drafting the Initial Draft Proposal in October, with a publish date of Nov 12
 - A written comment period will be open from Nov 12-Dec 31
- The Initial Draft Proposal will largely consist of the different design elements discussed with stakeholders and put out for comment during the Spring and Summer workshops
- It's possible that small refinements that have not been brought to stakeholders may be included, but new foundational or structural concepts will not

Approach for Initial Draft Proposal

- The goal is for the Initial Draft Proposal to reflect conversations and the input received to date and not to surprise stakeholders with content they have not had an opportunity to provide feedback on
- The RA Work Group will attempt to identify where additional and continued discussion, modeling, input, or assumptions are needed to fully develop a proposal
- Where possible, development next steps and an anticipated workplan will be outlined



Foundational Principles

Initial Draft Proposal Elements

- During the summer workshops based on feedback from stakeholders, the RA Work Group put out a revised set of 11 Foundational Principles
- These principles will be the core building blocks of the Initial Draft Proposal that will help guide the continued development of the Regional RA Program

Initial Draft Proposal Elements

Foundational Principles

1. Establish a common, transparent **and objective** capacity **accreditation** standard, **reflecting operational characteristics and dispatchability of all resource types**, with mechanisms to incentivize adherence to the standard.
2. Enhance reliability by ensuring that participating entities procure adequate, deliverable capacity capable of supporting both local and system needs.
3. Support efficient EDAM market operations by clarifying forward obligations **and** performance expectations **while preserving flexibility in how entities own, build or procure capacity, including through bilateral markets.** Leverage the relationship between RA **capacity, day-ahead scheduling, and real-time** market dispatch **to translate forward capacity obligations into reliable** delivery.

Initial Draft Proposal Elements

4. Operates alongside other regional RA programs attempting to minimize direct impacts and avoid double counting.
5. Leverage transmission connectivity of the EDAM/WEIM to enable capacity savings for RA program participants and their customers.
6. Minimize administrative burden and costs for participants without sacrificing reliability.
7. Operate as a voluntary program.

Initial Draft Proposal Elements

8. Ensure non-discriminatory, comparable treatment across similarly situated program participants.
9. Align incentives, penalties and any backstop mechanisms with cost causation **and establish cure opportunities** and waivers that **consider** commercial feasibility.
10. **Balance the need for transparent reporting and data availability with confidentiality and preservation of market integrity.**
11. **Adhere to transparent practices with opportunities for meaningful stakeholder input by all entities impacted by the program, while respecting the unique responsibilities of entities with compliance obligations.**



Value Proposition, Expanded Program Scope, and Data Access

Initial Draft Proposal Elements

Value proposition: The primary benefits of a Regional RA Program are meeting **regional reliability** needs while **reducing upward rate pressure** and providing more data to better inform decision making.

Initial Draft Proposal Elements

Value Proposition

- A regional capacity requirement should be lower than the aggregate of standalone system requirements for any interconnected group of LSEs.
- Load and resource diversification across an interconnected WEM footprint, supported by a market engine that effectively optimizes the transmission system connecting participants, will provide benefits at both the individual and regional levels.
- While the program will need time to mature and become operational, a future benefit of a regional RA program should be an ultimate reduction in the need for additional resource builds.

Initial Draft Proposal Elements

Value Proposition

- A regional framework recognizes that reliability risk is not perfectly coincident across the West.
- Differences in load shapes, weather patterns, renewable generation profiles, fuel types, outage timing, and time zones create diversity benefits that can be shared across participants.
- The objective is neither simply cost reduction, nor reliability at any cost but to improve the efficiency of achieving regional reliability by reducing duplicative procurement while maintaining strong resource adequacy outcomes and operational resilience.
- The regional program would produce and make available data to confirm that outcomes are consistent with these fundamental objectives.

Initial Draft Proposal Elements

Expanded Program Scope

- As noted by stakeholders in comments, to fully realize the value proposition the RA Program needs a way to operationalize the forward RA capacity shown to the program
- Based in part on stakeholder feedback, the Work Group is recommending expanding the Program to include:
 - a must-offer capacity requirement
 - and to test participating entities collectively for purposes of the RSE (“pooled RSE”)
- Because this additional scope will add complexity to the Program, the Work Group is recommending a step-wise, phased approach to implementation

Initial Draft Proposal Elements

Expanded Program scope utilizing a phased approach

Phase 1
Initial Proposal
Development

Phase 2
Additional Development

Phase 3
Reporting & Ops
Development

Phase 4
Market-Integrated Binding
Operations

Initial Draft Proposal Elements

Data Access

- The Pathways Step 2 Final Proposal creates a floor for the type of data that will be made available to state commissioners and consumer advocates:
“the Launch Committee affirms its recommendation that state commissions and consumer advocates have access to at least the same amount of data and analysis as the California agencies and the California Public Advocates Office receive today. Thus, there should be no restrictions on the provision of information other than those imposed by FERC requirements.”
- While the data access process has not yet been created, the Formation Committee recommends the new ROWE Board work in partnership with the CAISO and applicable state and local regulators to identify the information needed by those bodies to meet their individual statutory responsibilities and develop an information request process.

Initial Draft Proposal Elements

Data Access

- Under the ROWE, the RA Program will need to adhere to its adopted data access provisions
- As this process has yet to be determined, the RA Sponsors and Work Group plan to concurrently work collaboratively with States and Consumer Advocates to:
 1. Identify what types of data is needed to meet their regulatory obligations
 2. Explore options to meet these needs, balancing confidentiality requirements to preserve market integrity
- It is anticipated that these conversations will be ongoing and evolve through RA Program design and continue through the ROWE's stakeholder process



Governance

RA Program Operational Roles

Feedback from stakeholders provides general support for the program operational roles and responsibilities.

These are the institutional entities responsible for developing, implementing, and overseeing the Regional RA Program.

Independent Board: ROWE Board

Program Coordinator: ROWE

Program Service Provider: CAISO

Program Assessor: Dept. of Market Monitoring

Initial Draft Proposal Elements

- The **main stakeholder process of any RA Program Tariff design** would occur through the **ROWE Stakeholder Process** consistent with the Pathways Step 2 Proposal.
- The RA Work Group is recommending slight adjustments to aspects of the stakeholder process to incorporate RA as an additional voluntary ROWE service offering.
- The stakeholder process for RA Initiatives would be subject to the same ROWE Stakeholder Process **working group structures** and **indicative voting**, including the **remand process**.

Initial Draft Proposal Elements

RA Related Adjustments:

1. Two new categories for initiatives in the Catalogue and Roadmap:
 - Resource Adequacy Compliance Initiatives
 - Resource Adequacy Discretionary Initiatives
 - RA Initiative prioritization would occur by:
 - Stakeholders through the Roadmap process, or
 - The Technical Review Committee (TRC) prioritizing an issue through its own majority vote, feeding into the Roadmap process

Initial Draft Proposal Elements

2. In the stakeholder initiative phase, when a Draft Final Proposal is brought to stakeholders for indicative voting it will be also brought to the Technical Review Committee (TRC).

- During an indicative vote, a remand may be triggered in two ways:
 - Through the existing ROWE Remand Process or
 - By a majority vote of the TRC

Initial Draft Proposal Elements

3. Creation of a Technical Review Committee (TRC)

- The TRC will act as the 'RA Program Sector'
- Any Program Participant will receive a seat on the TRC
 - An RA Program Participant would be defined as:
 - A load serving entity (LSE) within a Balancing Authority that is participating in either WEIM or EDAM that voluntarily chooses to participate in the Regional RA Program and has load subject to the RA showing and compliance obligations.
 - A BOSR liaison will also sit on the TRC
- TRC meetings will generally be open to all stakeholders and follow the open meeting and data sharing rules of the ROWE
 - TRC may discuss commercially sensitive information in closed executive sessions; these are anticipated to be the exception, not the rule and may not be held for mere convenience.

Initial Draft Proposal Elements

Business Practice Manuals

- The ROWE Board has the ultimate authority to resolve disputes about any RA-related business practice manual (BPM) that carries out a tariff provision under RO sole authority.
- ROWE staff, as program administrator, would likely continue to administer the day-to-day, or week-to-week, process of developing potential changes to BPMs.
- All stakeholders will have an opportunity to provide input and feedback on BPMs.
- Additionally, temporary or standing work groups consisting of stakeholders that are not TRC members (including other market participants such as independent power producers) may be created for technical topics that have significant impacts to other stakeholders.

Initial Draft Proposal Elements

Business Practice Manuals

- BPM changes will be approved by the TRC.
- Public review and comment periods will continue, similar to the CAISO's current BPM review process today.
- However, as the ROWE Tariff and process have yet to be developed, the RA Work Group expects continued evolution of this framework consistent with the ROWE's development of this process.

Initial Draft Proposal Elements

Role of the Body of State Regulators (BOSR)

- To appropriately scope the role of the BOSR, better definition and further development of the RA program scope and structure is needed.
- The RA Sponsors are working with BOSR representatives to develop an appropriate oversight role for the BOSR, including the role of public power.



Transmission

Transmission Requirement Design Principles

Preserve reliability without making firm-service scarcity an automatic compliance failure

01

Reliability first

Load-serving entities (LSEs) shall pursue the highest-quality transmission available.

02

Flexibility when firm is unavailable

Recognize constrained firm ATC and short-term release timing without making non-firm the default RA compliance product.

03

Administrative simplicity

Combine a 60-day forward showing, a cure period with attestations, and retrospective reporting for secondary legs.

Design test: Is the requirement reliability-based, workable under real transmission release timelines, and simple enough to administer consistently?

Overview of Transmission Requirement

The revised approach establishes a distinction between constrained and secondary transmission legs, simplifies compliance administration, and narrows exceptions for transmission deficiencies based on inherent flexibility in core design.

Core structure

Transmission legs are classified as constrained or secondary, with a more stringent demonstration applied to constrained legs. The classification methodology will be determined later and may incorporate historical curtailment data.

Monthly showing

Require a transmission demonstration at the monthly compliance showing — qualifying firm, conditional firm, NITS, redirectable firm or conditional rights on the same transmission system, or an equivalent TSR queue position.

Cure principle

Require the participant to procure the highest-quality transmission available during the cure period, using an attestation approach rather than continuous program validation.

Non-firm use

Permit non-firm as a limited cure tool only when the firm or conditional firm options to comply with the transmission requirements for the constrained and secondary legs, respectively, are not available.

Exceptions

Retain narrowly framed case-by-case exceptions — for example, transmission outages and derates.

Operational handoff

End the RA cure process for constrained legs before the applicable EDAM modeling, registration, or bid-submission deadline. The exact cutoff remains open pending EDAM and transmission-provider timelines.

Open Issues

The following open issues will need further discussion and development with stakeholders.

1. Compliance percentage Confirm [75%] or another percentage for constrained and secondary legs.	5. Shorter term transmission product timing Document when monthly/weekly/daily products post and shorter-product availability.	9. Classification method Define methodology, data sources, reassessment cadence, and transition notice.
2. Non-firm cure limit Whether non-firm may cure, and if so all or only part of a constrained-leg deficiency.	6. Evidence standard Finalize attestation language and targeted-review documentation.	10. Redirects mechanics Determine how redirects are used for monthly compliance and cure.
3. Cure cutoff Confirm EDAM deadlines; select [X days] before the operational deadline.	7. Outage/derate mechanics Define eligibility, notice, duration, and restoration obligations.	11. TSR-queue obligations Whether to require ongoing procurement while holding the queue position.
4. Non-delivery penalties Whether to add a penalty on top of LDs and how it connects to the must-offer phase.	8. Curtailable load Set the resource/load-side showing and alignment with commission requirements.	



Compliance

Initial Draft Proposal Elements

- Program should leverage both “carrots” and “sticks” by using a combination of possible:
 - **Incentives**
 - Financial and non-financial
 - **Opportunities to cure**
 - **Charges**
 - Potential ability to buy into an operational benefit in the event of non-compliance
 - **Penalties**
 - Consider tiered or progressive penalty structure (time and repeat non-compliance)
 - Need to consider how penalty structure could influence market prices
 - Consider consistency of penalties in other programs- if the gravity of penalties is much higher or lower than other programs, that will drive who may be willing to participate/sell to which program.

Initial Draft Proposal Elements

- **Good behavior lesser charge/penalty**- if exigent circumstances result in non-compliance, possibility of a lesser/reduced charge or penalty, or other temporary compliance avenues become available – **to be developed**
- **Deficiency charge – Magnitude not determined**
- **Data Integrity charge**
- **Load Forecast related charges – To be developed**
- Penalties could apply to **repeat offenders** in forward showing (consistently coming up short); **non-delivery that impacts reliability** of the system – **To be developed**

Next Steps

- Comments on September workshops due 10/1
- Please send comments to resourceadequacy@rowesternenergy.org and cc sdavis@utilicast.com

Timeline: 2026

To allow for more collaboration with the goal of developing an Initial Proposal with broad support, the following schedule is proposed:



Timeline: 2027

Dates are approximate; feedback from Initial ROWE Board may result in changes to timeline



Where to find materials



All workshop dates, **zoom links**, and materials are located at:

<https://rowesternenergy.org/regional-resource-adequacy/>



Reach out with questions or comments by emailing:

resourceadequacy@rowesternenergy.org

The ROWE is not a sponsor of the initiative or the initial stakeholder process, but is lending the use of its website for hosting materials.

Open Forum for Discussion



- Please raise your hand to be unmuted
- Announce your affiliation/entity you represent