



# Summary of Central Procurement Entity in November 21, 2018 Proposed Decision

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November 1, 2019 Workshop



# November 21, 2018 Proposed Decision Central Procurement Entity Summary

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- Distribution utilities would serve as the **Central Procurement Entity** for local RA capacity in their respective distribution areas
- **Framework:** “Full” procurement of needed local resources, with a three-year foreword obligation set at minimum percentages 100% for year 1 and 2 and 80% for year 3
- **Procurement Vehicle:** “All Source” solicitation for local capacity. Solicitation should include option for bids to include resource dispatch rights.



# November 21, 2018 Proposed Decision Central Procurement Entity Summary

- **Cost Recovery – Cost Allocation Mechanism (CAM)**
- **Procurement Selection Process:** Least-cost, best-fit including the following criteria:
  1. Future needs in local and sub-local areas,
  2. Local effectiveness factors,
  3. Resource costs,
  4. Operational characteristics of the resources,
  5. Location of the facility,
  6. Costs of potential alternatives, and
  7. Greenhouse gas adders.



## November 21, 2018 Proposed Decision Central Procurement Entity Summary

- **Market Power Mitigation:** Central procurement entity has discretion to defer procurement of local resources to CAISO's backstop mechanisms if bid costs are deemed unreasonably high
- **Penalties:** No penalties will apply to central entity as long as they made reasonable efforts to secure capacity
- **Transparency / Anti-Competitiveness Concerns:** Independent Evaluator and CAM Procurement Review Group required for all CPE procurement