

Stakeholder Comments Template

Subject: Updating Interim Capacity Procurement Mechanism And Exceptional Dispatch Pricing and Bid Mitigation

Submitted By	Company	Date Submitted
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Interim Capacity Procurement Mechanism

1. Please provide your thoughts on the duration of the tariff provisions associated with a successor to the Interim Capacity Procurement Mechanism (“ICPM”) and whether the tariff provisions should be permanent, i.e. there would not be a sunset date, or have some specified termination date. If you have a specific proposal, please provide it and indicate the reasons for your proposal.

Some form of backstop procurement mechanism may always be necessary. Therefore, the Tariff should have a permanent but amendable provision to address this necessity. In addition, the currently proposed ICPM rate may not represent future capacity price, and the Tariff may need to allow for ICPM rate revision.

2. Please provide your thoughts regarding the compensation that should be paid for capacity procured under ICPM and Exceptional Dispatch. If you have a specific proposal, please provide it and indicate the reasons for your proposal.

Capacity price determination will require extensive evaluation. SWP does not have any proposal at this time but anticipates that it will provide comments after reviewing the CAISO’s forthcoming proposal.

3. Please provide your thoughts on the ISO’s suggestion to broaden ICPM procurement authority through creation of a new category that would allow the ISO to procure capacity for up to 12 months in order to make resources with operational characteristics that are needed to reliably operate the electric grid available to the ISO.

CAISO should first give LSEs the opportunity to fulfill their obligation for any duration. If such deficiency is not cured by LSEs, then the CAISO may use the ICPM tool. Furthermore, the Tariff and BPMs should discuss and specify the criteria used for such procurement. The objective should be to enhance reliability at the least cost.

4. Please provide your thoughts on the ISO's suggestion to modify the criteria that would be used for choosing a resource to procure under ICPM from among various eligible resources so that it recognizes characteristics such as dispatchability and other operational characteristics that enhance reliable operations.

CAISO should identify and discuss the specific criteria that trigger ICPM and should identify resources that meet each of those criteria.

5. Please provide your thoughts on the appropriate treatment of resources that may be procured through Exceptional Dispatch but then go out on Planned Outage during the period for which the resource has been procured. If you have a specific proposal, please provide it and indicate the reasons for your proposal.
6. If you would like to identify other issues that you believe should be discussed in this stakeholder initiative, please discuss those issues here.

The current ICPM resource has different availability standard under ICPM rule for settlements. If this ICPM resource is also subject to SCP standard, is it going to be dual availability standards for the same resource? This may be a clarification issue.

Substitution of ICPM or Exceptional Dispatch designated resources could be another issue which could address issue No.5 above.

Exceptional Dispatch

7. Please provide your thoughts on what fair compensation is for non-Resource Adequacy, Reliability Must-Run Contract or ICPM capacity that is Exceptionally Dispatched.

Under the current CAISO tariff, Exceptionally Dispatched resources that are not under Resource Adequacy contract or Reliability Must Run contract, or not pre-designated as ICPM capacity, are compensated either through ICPM option or Supplemental Revenue option. The two options are designed to balance the capacity payment and the must offer requirement, and SWP believes that CAISO should not eliminate the Supplemental Revenue option.

If the Supplemental Revenue option is eliminated, the resource suppliers will have only the ICPM option. Under the ICPM option, resources are subject to the must offer obligation. Since use-limited resources cannot comply with such obligation, the ICPM option needs to be modified so that use-limited resources are not prevented from providing the capacity services. The modification could be that the use-limited resources are exempted from the must-offer obligation under the ICPM option.

8. Please provide your thoughts on whether energy bids for resources dispatched under Exceptional Dispatch should continue to be mitigated under certain circumstances. If you have a specific proposal, please provide it, and indicate the reasons for your proposal.

SWP believes that the current mitigation rules applied to energy bids for Exceptionally Dispatched resources should continue.

9. Please provide your thoughts on whether to change the categories of bids subject to mitigation under Exceptional Dispatch (Targeted, Limited and FERC Approved) and whether to extend the bid mitigation for the existing categories.
10. If you would like to identify other issues that you believe should be discussed in this stakeholder initiative, please discuss those issues here.

Other

11. Please provide any additional comments regarding any other topic that you want to address.