

2015 Stakeholder Initiatives Catalog

Revised Draft

Dated: November 19, 2014
Comments Submitted: December 3, 2014

Summary:

Calpine believes that as the CAISO faces this monumental secular shift towards variable resources, the CASIO's primary responsibility should be to ensure that its markets are delivering the right generation at the right location and the right time. As such, the initiatives it undertakes should represent a strong and compelling statement of support for efficient integration.

In the attached, we provide colorful comments on both the rankings and substance of many of the initiatives. Where we were indifferent, or general agreed to the relative CAISO rankings, we have "no comment". We weigh our comments in the light of the substantial amount of work already committed in 2015.

As one might expect, our revisions would escalate market design initiatives that would increase the incentives for generation flexibility, reduce the need for operator interference in markets and allow for efficient operations.

Our top initiatives would be:

- **3.4 Extended Look Ahead for RT** – The current RT horizon (~4.5 hours) may be insufficient to "see" otherwise economic commitment or more likely, de-commitment opportunities.
- **3.6 Extended Pricing Mechanisms** – We appreciate the ISO's concerns over cost of full implementation. However, we believe a first, low-cost and appropriate step would be to analyze future integration challenges and the appropriateness and benefits of alternative price mechanisms.
- **3.7 Hourly Bid Cost Recovery** – Matching the submission of bids to cost recovery should increase liquidity of economic bids in RT.

12/10/2014

- **CRR Allocations and Outage Reporting Issues** – Calpine has advocated changes to transmission outage reporting for several years. As in eastern markets, the CAISO should report all transmission outages at the earliest possible date, even if the outage is “pending’ and not approved. At least one proposed initiative moves in entirely the opposite direction (6.2) potentially decreasing outage transparency. We believe that greater outage transparency will increase CRR bid liquidity and decrease CRR underfunding. Nonetheless, if the ISO moves forward with a CRR underfunding initiative, it should do so concurrently with a discussion of outage reporting.

Thanks,
and Happy Holidays to All