California ISO

Clean Energy and Pollution Reduction Act Senate Bill 350 Study
Preliminary Results

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide written comments on the Clean Energy and Pollution Reduction Act Senate Bill 350 (SB350) Study initiative posted on April 25, 2016.

Please submit comments to regionalintegration@caiso.com by close of business June 22, 2016

Materials related to this study are available on the ISO website at: http://www.caiso.com/informed/Pages/RegionalEnergyMarket/BenefitsofaRegionalEnergyMarket.aspx

Please use the following template to comment on the key topics addressed in the workshop.

1. Are any of the study results presented at the stakeholder workshop unclear, or in need of additional explanation in the study's final report?
Comment:
2. Please organize comments on the study on the following topic areas: **a. The 50% renewable portfolios in 2030** **b. The assumed regional market footprint in 2020 and 2030** **c. The electricity system (production simulation) modeling** **d. The reliability benefits and integration of renewable energy resources** **e. The economic analysis** **f. The environmental and environmental justice analysis**
Comment: Diamond Generating Corporation ("Diamond") provides the following comments on the preliminary results from the CAISO's SB 350 studies ("SB 350 Studies). Diamond is concerned that the SB 350 studies make the flawed assumption that existing conventional generation that is not explicitly assumed to retire will continue to operate regardless of its economics. The SB 350 studies adopt the same flawed assumption present in other planning processes such as the LTPP and the TPP, which is to assume that conventional generation will continue to operate so long as it is within a presumed 40-year economic life. This assumption does not adequately reflect the inability of merchant conventional generation to operate absent a long-term contractual commitment and the fact that many merchant conventional generators will come off of contracts well before the end of their presumed economic lives. There is also no adequate price signal through CAISO market prices or its other procurement mechanisms to maintain and invest in merchant conventional generators absent a multi-year commercial arrangement. Put simply, there is a risk of premature retirement of resources that are within their ordinary operational life but for the absence of a regularized pathway for re-contracting. Diamond encourages E3 to revise RESOLVE so that in developing resource portfolios for long-term planning, it can reflect the potential for existing resource retirements. In addition, Diamond echoes the concerns of others in the merchant conventional generator community in urging policymakers to take advantage of modern, clean, natural gas-fired generation in California to meet regional capacity, energy, and GHG goals. Regardless of whether a regional market moves forward, from the standpoint of environmental policy and economics, it would make little sense to retire modern, clean, natural gas-fired generation in California only to continue to operate coal and/or build new natural gas-fired generation outside of California.

3. **Other**
Comment: