



180 Cirby Way, Roseville, CA 95678

phone (916) 781-3636
fax (916) 783-7693
web www.ncpa.com

Northern California Power Agency Comments CAISO Updated Straw Proposal – Standard Resource Adequacy Capacity Product

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Northern California Power Agency (“NCPA”) would like to provide the following comments on the updated Standard Resource Adequacy Capacity Product straw proposal. The comments found below include both general and specific feedback to elements of the CAISO proposal and should be viewed as supplemental to previously submitted comments. To the extent that specific elements of the proposal are not addressed as part of the comments below, the lack of comment should not be interpreted as acceptance of the proposal.

Mandatory vs. Voluntary Usage of the Standard Resource Adequacy Capacity Product

As previously stated by NCPA, evidence has proven that the current Resource Adequacy Programs adopted by Load Serving Entities (“LSE”) within California have improved reliability within the system. In an effort to enhance the ability of LSEs to transact Resource Adequacy Capacity in an efficient manner, NCPA does not oppose the concept of developing a Standard Resource Adequacy Capacity Product to be used by LSEs in a voluntary manner. However, the current proposed imposition of a mandatory Standard Resource Adequacy Capacity Product is not consistent with the objective of developing a product which only requires minimal changes to the current Resource Adequacy program. In light of stakeholder discussions to date, and the observation of comments provided by involved parties, it appears that the current proposal has generated ample controversy amongst stakeholders regarding the interface of the Standard Resource Adequacy Capacity Product and the current Resource Adequacy program design. These conflicting perspectives will be difficult to overcome within the remaining time allotted to this process. This controversy has likely developed because the current proposal has more of a direct impact on the existing Resource Adequacy structure than originally expected. Considering the desire to file and implement a Standard Resource Adequacy Product in the very near future it

may be more realistic and productive to structure this product to be a voluntary tool, to be used by interested parties, rather than forcing the usage of a product that is still highly controversial, and which would benefit from further refinement.

Non-Resource-Specific Imports and LD Contracts – Application of Availability Standards

NCPA supports the exemption of Non-Resource-Specific Imports and LD Contracts from the application of availability standards. Many, if not all, of these resource types are procured under agreements that contain extensive performance incentives, including damages provisions, to support and ensure reliable delivery of capacity and energy. This treatment is consistent with existing Resource Adequacy programs which have proven to improving grid reliability.

Financial Performance Incentives & Credit Requirements

NCPA supports the development of a self-funding incentives program where over performance incentive payments are only provided using funds generated from penalties collected due to non-performance. Based on this construct, which is consistent with the current proposal, the imposition of additional credit requirements for resources that have historically received penalties for non-performance is not warranted. The imposition of additional credit requirements within the Standard Resource Adequacy Capacity Product design will add unnecessary complexity with little return in benefits. The creation or extension of credit requirements should not be considered within the Standard Resource Adequacy Capacity Product development.