

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your written comments on the stakeholder initiative “Capacity Procurement Mechanism Risk-of-Retirement (“CPM ROR”) Process Enhancements.”

Submit comments to InitiativeComments@CAISO.com

Comments are due August 28, 2017 by 5:00pm

The Revised Straw Proposal posted on August 8, 2017 and the presentations discussed during the August 15, 2017 stakeholder conference call can be found on the [CPM ROR](#) webpage.

Please use this template to provide your written comments on the Revised Straw Proposal topics listed below and any additional comments that you wish to provide.

1. Who Can Apply

Comments:

SCE has no comments on this section.

2. Timing of Requests for Designation - Windows

Comments:

SCE has no comments on this section.

3. Process for Study and Procurement

Comments:

SCE has no comments on this section.

4. Application Requirements, Timelines and Reliability Studies

Comments:

As SCE mentioned on the stakeholder call, SCE does not believe it is completely necessary to require that a requesting entity demonstrate that their costs are above the soft-offer price cap. SCE understands and appreciates that the CAISO should not have to study an inappropriate number of requests and that this threshold helps to accomplish that objective. SCE suggests that instead of setting a threshold the requestor should be required to pay for the cost of the study. By doing so, a requestor will not have a “free option” to determine if they are needed. Rather, the requestor will have to fund the study as a pre-condition to being considered for a Risk of Retirement CPM.

5. Selection Criteria when there are Competing Resources

Comments:

SCE appreciates the change to utilize the bid price and minimization of costs where multiple resources have sought a Risk of Retirement CPM but not all of those resources are needed to meet grid reliability needs. SCE supports this change.

6. Term and Monthly Payment Amount

Comments:

SCE agrees with the terms and monthly payments of the new type 1-3 designations.

7. Cost Justification

Comments:

SCE continues to believe that the cost of major maintenance adders should not be allowed within the costs recovered through the Risk of Retirement CPM. As stated previously, it is too difficult for the CAISO to ensure that the costs incurred are being utilized to provide the capital improvements stated or that the capital improvements are necessary for the resource to continue operation. If the Risk of Retirement CPM is intended to be a bridge mechanism, SCE does not support the mechanism paying for new capital additions.

In addition, the proposal now states:

Prior to determination by FERC of the resource's CPM ROR price, the CAISO will use the CPM soft-offer cap price. The price will be subject to refund or surcharge for periods in which the soft offer cap price was applied once FERC determines the applicable cost-based price. After FERC determines the cost-based price, the CAISO will use the FERC-determined price.

SCE believes that the payment prior to FERC ruling should be the lesser of the soft-offer cap price and the offer submitted by the resource. If the resource has submitted an offer below the cap, there is no reason to pay above their offer prior to acceptance by FERC. The refund and surcharge language should remain as the final FERC ruling could be different than the amount being recovered prior to the FERC ruling.

8. Decision to Accept

Comments:

As noted on the stakeholder call, SCE believes that if a resource opts not to accept the payment, then the attestation is still binding. That is, the resource would be required to shut-down. In the alternative if the rate provided is a cost based rate approved by FERC, there should be no economically based reason to reject such a payment. If the loss of the resource would result in reliability concerns, it may be justified to require acceptance of the CPM. However, since these reliability concerns are not in the immediate year, the CAISO would need to define the conditions under which they would require a resource to accept the Risk of Retirement CPM.

9. Cost Allocation

Comments:

SCE has no comments on this section.

10. RA Credits

Comments:

As discussed during the stakeholder conference call, SCE encourages the CAISO to work with the LRAs to ensure that any allocation of RA credits will work seamlessly with the schedules and processes set forth by the LRA.

11. Other Comments

Please provide any additional comments not associated with the topics listed above.

Comments:

SCE has no comments on this section.