

## 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 “Review of RMR and CPM.”

Submit comments to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com)

**Comments are due February 20, 2018 by 5:00pm**

The Issue Paper and Straw Proposal for Phase 1 Items that was posted on January 23, 2018 and the presentation discussed during the January 30, 2018 stakeholder meeting can be found on the following webpage:

[http://www.caiso.com/informed/Pages/StakeholderProcesses/Review\\_ReliabilityMust-Run\\_CapacityProcurementMechanism.aspx](http://www.caiso.com/informed/Pages/StakeholderProcesses/Review_ReliabilityMust-Run_CapacityProcurementMechanism.aspx).

Please use this template to provide your written comments on the issue paper and straw proposal items listed below and any additional comments that you wish to provide.

1. Comments on phase 1 proposal to make RMR Condition 1 and 2 Units subject to a MOO for Energy and AS.

### Comments:

Southern California Edison (SCE) supports the California Independent System Operator (CAISO) proposal for a Must Offer Obligation (MOO) on both Conditions for a Reliability Must Run (RMR) resource.

2. Comments on potential phase 2 items listed in issue paper and straw proposal.

**Comments:**

SCE supports considering a single mechanism that requires a resource to participate in the market. The CAISO also prefers market mechanisms to address grid needs, thus, the ultimate design goal of this initiative should be toward a market-participating mechanism. Such a mechanism should not function along the lines of a Condition 2 RMR but rather be similar to a Condition 1 RMR. Thus, it seems that elimination of Condition 2 should be a natural next step and should be moved from Phase 2 of this initiative to Phase 1.

SCE thanks the CAISO for noting CPM cost allocation review due to load migration. However, this item needs to be in Phase 1. The best-case-scenario of Fall 2019 Phase 2 implementation will not help address the large magnitude of load migration. This migration is happening sooner than anticipated and the current, inaccurate cost allocation is an unfair obligation on load serving entities. The CAISO should change the cost allocation from the existing fixed monthly load ratio share to a variable monthly share based on load ratios that will accurately represent actual load served.

3. Suggested additional items for phase 2 that are not listed in issue paper and straw and why the items need to be addressed.

**Comments:**

The CAISO should address how the procurement of non-RA-deficiency CPM and procurement of RMR will interact with RA requirements. Neither of these two types of procurement are done due to RA deficiencies on part of LSEs, yet they are being procured for reliability reasons and as a result of Phase 1 of this stakeholder process will likely have a must-offer obligation. If these resources are procured without an offset to LSEs RA requirements, the amount of capacity procured will exceed the system/local/flexibility needs. As a result, LSEs, in total, will pay for an excessive amount of reliability. As such, the CPM/RMR process must be considered in light of the RA program with requirements adjusted/credited as appropriate.

Further, SCE is concerned that the terms and conditions established by the CAISO will serve as a direct competitor to the RA bilateral procurement process. If the CAISO procurement fails to have a must-offer obligation, fails to have an RA-AIM penalty, fails to count the resource as meeting the RA need, and fails to require a replacement/substitution obligation on the resource in the event of an outage, resource owners will have a significant incentive to seek

CAISO CPM or RMR designation rather than participate meaningfully within the bilateral RA market.

4. Other Comments

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

**Comments:**

[\[Insert comments here\]](#)