

# Stakeholder Comments Template

Revised May 30, 2017

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](mailto:InitiativeComments@CAISO.com)

**Comments are due June 6, 2017 by 5:00pm**

The Issue Paper posted on May 10, 2017 and the presentations discussed during the May 18 and 25, 2017 working group meetings can be found on the [CPM ROR](#) webpage.

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

## 1. Problem Statement and Scope of Initiative

Please provide any comments on the problem statement and scope of this initiative.

### Comments:

In general, the Six Cities agree that the scope of this initiative should be narrow. Despite anecdotal information provided by representatives of resources during the working group meetings suggesting that generators may have considered using the CPM risk-of-retirement process but have perceived various procedural and timing barriers to doing so, it is far from clear that the problem the CAISO has identified is a significant one that affects a large segment

of the market. As the CAISO reiterated during the two working group meetings, the CAISO has not previously exercised its authority under the CPM risk-of-retirement tariff provisions, and the situation involving the Calpine generators that recently resulted in Reliability-Must-Run (“RMR”) designations for two resources does not seem reflective of a wider problem. At the same time, it is reasonable for the CAISO to ensure that its tariff provisions relating to resource use and retirement are well-designed to address the changing resource mix and shifts in demand patterns within California.

While the Six Cities do not object to process and timing changes in the CPM risk-of-retirement process, this stakeholder initiative should not be used as forum for broader actions, such as revising the current CPM soft-offer cap or general pricing provisions or converting the CPM process from a backstop procurement mechanism to a front-stop mechanism. The Six Cities also do not believe that changes in the timing of the RA year are appropriate based on the limited nature of the problem the CAISO is trying to solve here.

Although the Six Cities concur with the narrow scoping for this initiative, the Six Cities do urge the CAISO to consider the issues in this initiative in conjunction with the Temporary Suspension of Resource Operations initiative. As discussed below, there may be opportunities for the CAISO to synchronize its analyses of resource retirement issues for CPM purposes with its evaluation of requests for temporary suspensions.

## 2. Identified Issues

Please provide any comments on the issues that have been identified thus far in the initiative, including if there are other issues that you would like to identify.

### Comments:

Please see the comments provided above and in response to Question 3 below.

## 3. Potential Enhancements

Please provide any comments on the potential enhancements that were listed on slides 19, 20 and 21 of the slide presentation for the May 25, 2017 working group meeting.

### Comments:

The Six Cities understand that the core problem the CAISO is trying to resolve relates to the limitation in the current CPM risk-of-retirement tariff provisions that prevents the CAISO from undertaking an assessment of future need for a particular resource while the resource is under an RA contract. To resolve this problem, the Six Cities suggest that the CAISO remove this limitation and establish two windows each year, each with a duration of one month, during

which resources that are considering retirement could apply for a CPM risk-of-retirement designation. Resources eligible to request a risk-of-retirement designation would include both resources that are not under RA contracts and resources that are under a current RA contract that will expire at or before the end of the current calendar year. The CAISO would not change the nature of its assessment, but would make the assessment results available sooner so that a resource could make an earlier determination whether to retire. This approach seems generally aligned with the suggestions included as Enhancements 1, 3, and 4 on slides 19-20 of the CAISO's May 25<sup>th</sup> presentation.

As far as Enhancement 2, the Six Cities believe that participants in this initiative would benefit from more information from the CAISO concerning the type of assessment it performs currently, what information is used, how long the assessment realistically takes, and whether the assessment could be moved earlier in the year and performed twice per year as suggested above.

With respect to Enhancement 5, it seems reasonable to use existing selection criteria to address a situation involving multiple resources proposing retirement at the same time. This initiative should consider if further changes to the criteria may be needed. Similarly, the Six Cities propose that the CAISO consider whether there are any unique issues presented by affiliated resources seeking risk-of-retirement CPM designations on an overlapping basis that should be addressed through selection criteria.

Enhancement 6, relating to the timing of any potential CPM designation resulting from the risk-of-retirement analysis, would also likely benefit from further exploration to ensure that if a resource is provided with a CPM designation in lieu of retirement, it receives a designation that is of a sufficient duration to ensure that it will be available through the period in which the CAISO has determined it is needed.

The Six Cities do not oppose revising the current attestation requirements to encompass certain contingency situations as suggested in Enhancements 7 and 8. The Six Cities are concerned, however, that the attestation remain reflective of a resource's good faith commitment to retire unless the identified contingencies occur. While they do not oppose adding flexibility in the attestation requirement, the Six Cities do not support removing the attestation altogether.

#### 4. Other Comments

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

##### **Comments:**

The Six Cities urge the CAISO to consider how the issues in this initiative are related to those in the initiative for Temporary Suspension of Resource Operations. There appear to be

opportunities to link the procedures discussed in these initiatives, such as by using the same submittal window for the CPM risk-of-retirement analysis and temporary suspensions. If the CAISO adopts the submittal window approach for both initiatives, resources that are applying for either of these options should be required to clearly specify the option for which the resource is applying. The CAISO should consider whether there could be situations when a resource is not deemed needed for purposes of the CPM risk-of-retirement analysis but could nonetheless be refused a temporary suspension, and how such situations would be addressed.

Additionally, the Six Cities believe that stakeholders should consider whether revising the CPM risk-of-retirement process as described above would provide opportunities for gaming, the exercise of market power, or inappropriate price discovery that resources could then use as leverage in future contract negotiations. Because the Six Cities support retention of the affidavit requirement in a modified form, it is the Six Cities' expectation that resources would not use the CPM process for gaming or to obtain undue advantage in the RA process. Similarly, using request windows that are pre-established may also have the effect of minimizing gaming opportunities. What other measures will the CAISO employ to ensure that the CPM risk-of-retirement process is used for its intended purpose?