



Stakeholder Comments Template

Capacity Procurement Mechanism Soft Offer Cap

This template has been created for submission of stakeholder comments on Capacity Procurement Mechanism (CPM) Soft Offer Cap that was published on July 24, 2019. The straw proposal, stakeholder meeting presentation, and other information related to this initiative may be found on the initiative webpage at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/CapacityProcurementMechanismSoft-OfferCap.aspx>

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on August 20, 2019.

Submitted by	Organization	Date Submitted
Meg McNaul mmcnaul@thompsoncoburn.com 202.585.6940 Bonnie Blair bblair@thompsoncoburn.com 202.585.6905	<i>The Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (the "Six Cities")</i>	<i>Aug. 20, 2019</i>

Please provide your organization’s comments on the following issues and questions.

1. Maintain the CPM soft offer cap

Please provide your organization’s feedback on this topic as described in section 5.1 of the [straw proposal](#). Please explain your rationale and include examples if applicable.

Please indicate any analysis and data review that your organization believes would be helpful to review on this topic. Please provide details and explain your rationale for the type of data and analysis that you suggest.

The Six Cities do not oppose the CAISO’s proposal to maintain the current soft offer cap.

2. Changes to 12-month CPM designations

Please provide your organization's feedback on this topic as described in 5.3 of the [straw proposal](#). Please explain your rationale and include examples if applicable.

Please indicate any analysis and data review that your organization believes would be helpful to review on this topic. Please provide details and explain your rationale for the type of data and analysis that you suggest.

The Six Cities support the CAISO's proposal to implement a three-pivotal supplier test for annual CPM designations. In the event that the results of the test are indicative of market power, the Six Cities support compensation to designated resources based on the resource's cost of service as proposed and to require crediting of market revenues.

With respect to the CAISO's proposal to make annual designations only for the full capacity of a resource (rather than only for the needed portion of a resource's capacity), the Six Cities understand that the basis for the CAISO's proposed approach is its determination that cost of service-based compensation is infeasible for partial designations. How would the CAISO address a situation where only a portion of the resource is available for a CPM designation, due to, for example, a portion of the resource being under an RA contract? Relatedly, why could the full cost of service for the resource not be allocated proportionately according to the portion of the resource's capacity that is designated for CPM? The Six Cities note the CAISO's intention to make full cost of service CPM designations only if "at least a substantial portion" of the resource is needed. How does the CAISO define "at least a substantial portion"?

Additional comments

Please offer any other feedback your organization would like to provide on the [straw proposal](#) for the CPM Soft Offer Cap initiative.

The Six Cities urge the CAISO to reject suggestions, such as those made during the CAISO's August 6th stakeholder meeting, that the CAISO somehow increase the soft offer cap price based on extraneous information, such as Resource Adequacy prices. The Six Cities also believe that there is no justification for speculation regarding future procurement authorizations by the CPUC and, in particular, the suggestion that the CPUC (or Local Regulatory Authorities) may decline procurement authorization to Load-Serving Entities in favor of the CAISO's CPM process if the soft offer cap is lower than prevailing market prices for Resource Adequacy.

The Six Cities support the CAISO's clarification that the purpose of the CPM is not to incent new resources to enter the market. (See Straw Proposal at 18.)

Finally, as was requested by one stakeholder during the August 6th stakeholder meeting, the Six Cities would appreciate seeing any available data or analyses regarding the level of competition in local areas.