

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

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.

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:

SDG&E supports making RMR Condition 1 and 2 units be subject to a MOO for energy and AS. The prices bid by RMR units into the markets should be cost based. Market clearing prices will be appropriate with cost based bids.

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

Comments:

SDG&E supports merging RMR and CPM into a single cohesive backstop procurement mechanism. Conflict and inefficiencies will remain no matter how much fine tuning is done for overlapping products like RMR and CPM. Considerable time can be saved by creating a new backstop procurement mechanism that covers all situations targeted by current RMR and CPM and can possibly cover situations currently missed by both.

The allowed rate of return on capital for RMR and CPM need to be the same and be considered for discussion in phase 2. The CAISO should also consider updating the rate of return on a regular basis.

SDG&E does not see any current need to expand the CAISO's tariff authority for RMR and CPM. The replacement procurement mechanism for both RMR and CPM should be able to cover any current shortfalls with RMR and CPM

Condition 1 appears to be no-longer needed for RMR under current market dynamics so it could be eliminated.

The cost allocation for both RMR and CPM needs to be refined particularly for reliability needs that span adjacent TAC areas as in the combined LA basin/San Diego areas.

RMR designation authority should be expanded to include flexibility needs. RMR payments are set to reflect the purchase of all available attributes including flexibility.

SDG&E is concerned about how capital additions are decided upon and how their costs are recovered. It is not clear at this time what should be done and should probably wait until RMR and CPM are combined.

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:

How major changes to an existing plant can be proposed and implemented to better fit with changing reliability needs. For example: how could a current CC plant be converted to only simple cycle to gain flexibility, minimize Pmin burden and eliminate all steam related costs?

4. Other Comments

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

Comments:

It appears that a reopening of the CPM settlement has been triggered by a number of LSEs using CPM for more than half their capacity needs. SDG&E believes the CAISO should start a

stakeholder initiative to discuss the CPM initiative as it committed to FERC during CPM replacement. SDG&E does not believe the CPM settlement discussion should be grouped as part of phase 2 in the initial stages. But it may merge with phase 2 of this initiative as necessary.