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**From:** Hildebrandt, Eric  
**Sent:** Monday, November 27, 2000 1:11 PM  
**To:** Casey, Keith; Sheffrin, Anjali; Rahimi, Farrokh; Kristov, Lorenzo; McDonald, Jeffrey; Cook, Gregory; Zhou, Hong; Takehara, James  
**Subject:** RE: Incorporating Availability standards into Market Power Mitigation Measures

Ditto Kieth's comments regarding reliance on ex post investigation vs. other standards.

On the subject of availability standards, it should be noted that for a penalty to be meaningful, the availability level and penalty may need to be quite high (e.g. equal to the shortfall of available capacity x the MCP?), and that imposing such a penalty would surely be opposed on the grounds that it is the equivalent to requiring "firm capacity" so that generators would need to be compensated accordingly for this risk/cost.

In the end, where one stands on this boils down to whether you think providing a high degree of availability is either an obligation that can be imposed as a quid pro quo for participating in our market, or is a service that generators would be providing to the system. I personally don't think there is a "correct" economic answer to this question, which is really a philosophical/policy question.

-----Original Message-----

**From:** Casey, Keith  
**Sent:** Monday, November 27, 2000 11:21 AM  
**To:** Sheffrin, Anjali; Rahimi, Farrokh; Kristov, Lorenzo; Hildebrandt, Eric; McDonald, Jeffrey; Cook, Gregory; Zhou, Hong; Takehara, James  
**Subject:** RE: Incorporating Availability standards into Market Power Mitigation Measures

I would not recommend setting up investigative procedures for attempting to distinguish between legitimate forced outages and physical withholding. Such an approach is apt to be extremely litigious and time consuming. Besides, it would not take much for a generator owner to make physical withholding look like a legitimate forced outage, at least within a reasonable doubt.

I favor setting availability standards that limit a unit to a certain number of forced and scheduled outages per year. Any outages beyond those limits are subject to significant penalties. These standards need to be accompanied by daily reporting requirements (i.e. all generators owners must report the availability of their units each morning by 8:00 a.m. and update the ISO on any changes throughout the day). There also need to be a very clear definition between "scheduled" and "forced" out. For example, a scheduled outage could be defined as any outage that is reported to the ISO by at least two weeks prior to the "out" date. Any outages reported less than two weeks prior to the "out" date would be considered forced. These availability standards and reporting requirements can be incorporated into the Participating Generator Agreement (PGA). Provided the penalties are sufficiently high enough, I think this approach would be more effective at limiting physical withholding than attempting to distinguish between legitimate forced outages and physical withholding.

-----Original Message-----

**From:** Sheffrin, Anjali  
**Sent:** Friday, November 24, 2000 9:57 PM  
**To:** Rahimi, Farrokh; Kristov, Lorenzo; Casey, Keith; Hildebrandt, Eric; McDonald, Jeffrey; Cook, Gregory; Zhou, Hong; Takehara, James  
**Subject:** Incorporating Availability standards into Market Power Mitigation Measures  
**Importance:** High

Hi DMA,

As we struggle with the large number of outages this month, it has become evident that we need to push quickly on some penalties and sanctions on unit availability. Since I met with considerable resistance from Executives at the Nov 20th meeting, I promised that I would put out a discussion paper outlining DMA recommendations.

Please incorporate your comments on better reporting into this version. I would also like your thoughts on other options we should consider before circulating this more widely at the ISO. Please get back to me on Monday. I'd like to send this to Charlie and the other executives on Tuesday.

<< File: Availability Standards Nov 00.doc >>

Thanks,

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-----Original Message-----

**From:** Sheffrin, Anjali  
**Sent:** Tuesday, October 03, 2000 8:33 PM  
**To:** Cook, Gregory  
**Cc:** O'Connor, Pearl; Johns, Debbie  
**Subject:** FW: Timely Release of MSC opinions  
**Importance:** High

-----Original Message-----

**From:** Sheffrin, Anjali  
**Sent:** Tuesday, October 03, 2000 8:32 PM  
**To:** Carl Shapiro (E-mail); Robert R. Nordhaus (E-mail); Frank A. Wolak (E-mail)  
**Subject:** Timely Release of MSC opinions  
**Importance:** High

Hi Carl,

I received your message inquiring as to whether the MSC opinion on price caps had been released to Board members. I have been working tirelessly in talking with Terry Winter and the Executive Team to release this opinion. I have let them know of your concerns, that the tariff requires release, and even setting up a procedure that they have 3 days to review all opinions and it be automatically released. I finally resorted to standing in each Officer's doorway and barricading the door until they read the opinion. Greg and I received a few comments from Charlie Robinson regarding the use of some words. We will release the opinion tomorrow and hand it out to the Board.

I suggest you call Charlie directly and let him know of your concerns as I see the executive team being very preoccupied and things like this being held up. His number is (916) 351-2334. You can also call his assistant Ginger Davis and she can have him interrupted to take your call at 916- 351-2164

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-----Original Message-----

From: Frank A. Wolak [mailto:wolak@zia.stanford.edu]  
Sent: Tuesday, September 12, 2000 8:49 PM  
To: ASheffrin@caiso.com  
Subject: Re: First draft of proposal for FERC mandated forward contracts

Anjali,

I tried to talk to Terry a bit, but he was busy. He still wouldn't say the Market Power word, which definitely caused Loretta Lynch to want to go after him. I really wish I could get him not to always side with the generators. He pretty much endorsed John Stout's presentation, which didn't help him much with the CPUC Commissioners. I did tell him that I wanted to talk to him about the Replacement Reserve penalty and that I thought scheme we propose would improve reliability. He didn't commit to a specific time to talk, but I'm going to follow up. How did things go with Keith and Ziad?

Frank