**California Department of Water Resources Comments on
California Independent System Operator's Issue Paper,
"Standard Resource Adequacy Capacity Product"**

October 27, 2008

The California Department of Water Resources State Water Project (SWP) appreciates the opportunity to provide the second round of comments on the California Independent System Operator's (CAISO's) Issue Paper "Standard Resource Adequacy Capacity Product" dated August 27, 2008 and discussed during the October 20, 2008 conference call. SWP submits the following comments:

1. Standard Resource Adequacy Capacity Product (SCP) tag issues: SCP tag should be annual, monthly, daily, and hourly. This allows for all types of resources to be counted as Resource Adequacy (RA) resources. For example, daily and hourly tags allow for counting the Use Limited Resources (ULRs) as RA resources. ULRs are associated with their nature of uncertainty and short duration of SCP tags will provide opportunity for reviewing their capacity intermittently and update the qualifying capacity for such resources. There may be some ULRs that are available for 2 hours during system peak hour and collectively can meet the RA compliance; such resources should not be barred from being counted as RA resource. Alternatively, to address the ULRs, "ULR SCP tag" with duration of 2 hrs per day during system peak period may be an option.
2. SCP performance standard for ULRs: A universal rule of availability may not fit the nature of ULRs that can provide much needed reliability support during the system peak hours. The performance standard for ULRs should be created consistent with their nature. None of the three availability proposals (Calpine proposal, Powerex proposal, and CFCMA proposal) appear to focus on the ULRs. The availability metrics for ULRs should be counted based on their tag duration. For example, a ULR that has "ULR SCP tag" may be subject to performance standard criteria of >80% as suggested by Calpine. The "ULR SCP tag" may have duration of as low as 2 hours per day during peak hours and the must offer obligation for such tag should apply for the duration of the tag during system peak hour only.
3. ULR Use Plan and the ULR performance standard: To be consistent in the availability, there should be some linkage between the performance standard for ULRs and the Use Plan.
4. Pump load that serves as RA resource: The ULR SCP performance standard should make it clear that a pump load that is a designated RA resource for its own load should not be subject to a requirement of availability as an RA resource for the period when the pump is not on-line.