

**California Municipal Utilities Association (“CMUA”) Comments  
CAISO Standard Capacity Product White Paper Dated February 6, 2009**

**Prepared for Discussion Purposes**

CMUA submits these Comments in response to the CAISO’s latest White Paper on efforts to develop a Standard Capacity Product (“SCP”).

CMUA appreciates certain changes reflected in the latest White Paper, particular on the treatment of existing power contracts reflected in the general discussion at Section 4 of the White Paper, “Transition Issues.” CMUA has concerns or seeks clarification with other provisions, as set forth below. Resolution of these concerns is necessary for CMUA to fully support the SCP proposal.

Treatment of Non-Resource-Specific RA Imports

CMUA remains concerned about the proposed treatment of non-resource specific RA imports. First, the CAISO states that non-resource-specific RA imports are to be separated into a distinct SCP category. *White Paper at 4*. Does the CAISO have any data that would provide market participants with information on the impact of this proposal? How many MW of RA capacity are represented by these resources? What is their historic availability? Are there particular market segments that have the preponderance of these types of resources such that the impact of the proposed treatment can be ascertained? These facts would be helpful to fully assess the CAISO proposal on this issues.

Without more information, CMUA is concerned about the blanket application of a 100% target availability for such resources, with no deadband, is not fully explained or supportable when viewed against the proposed treatment for other types of resources. For example, the CAISO has exempted Liquidated Damages from the SCP proposal as set forth in the January 8, 2009 Draft Final Proposal. *Draft Final Proposal at 24*. The February 8<sup>th</sup> Draft Final Proposal appears to assume that all LD Contracts are delivered internal to the CAISO system, but that is not necessarily the case by definition. The counting of LD Contracts is within the purview of the Local Regulatory Authority. CMUA does not have direct first-hand knowledge, but believes it is reasonable to assume that many non-resource specific RA resources delivered at the Interties are in the form of LD Contracts. Differential treatment of imported LD Contracts as compared to LD Contracts delivered at a Generation Hub is not supported in the CAISO’s proposals

There are two potential solutions to this issue. First, the CAISO can clarify that LD Contracts, as defined by the Local Regulatory Authority, that are delivered as an import are also exempted under the CAISO’s January 8<sup>th</sup> Draft Final Proposal, and are not subject to the treatment of non-resource specific imports as outlined in the February 6<sup>th</sup> White Paper. Alternatively, the CAISO can continue to flesh out the availability metrics for non-resource specific RA Imports with stakeholders to arrive at counting conventions that do not unfairly penalize these resources in comparison to other RA resources.

### Treatment of Resource Specific RA Imports

CMUA seeks clarification on this matter. CMUA members inform CMUA that they are unsure how the CAISO will implement the proposal to treat these resources like internal RA resources. The CAISO states that “it is assumed that any resource-specific imported RA capacity will be treated like internal generators for purposes of SCP-they would use SLIC to report Outages, and the ISO would insert default bids for them if these resources fail to offer their RA capacity and are not on an Outage.” *White Paper at 4*. CMUA members inform CMUA that they believe that this would take software modifications to SLIC as these types of resource entries are not currently supported. CMUA’s understanding was that, because of MRTU Go Live considerations, software modifications were not favored. CMUA seeks clarification of whether the CAISO’s proposed treatment of Resource Specific RA Imports is currently supported in SLIC, and if not, whether the CAISO will proceed along the current SCP schedule for these resources and make software changes