

Stakeholder Comments Template

Resource Transitions

*Resource Adequacy Deliverability Assessment
for Resources Transitioning
from Outside to Inside the ISO Balancing Authority Area*

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, covered in the Resource Transitions Straw Proposal posted on March 24, 2011, and issues discussed during the stakeholder conference call on April 1, 2011, including the slide presentation.

Please submit your comments below where indicated. Your comments on any aspect of the Resource Transitions initiative are welcome. If you provide a preferred approach for a particular topic, your comments will be most useful if you provide the reasons and business case.

Please submit comments (in MS Word) to ResTrans@caiso.com no later than the close of business on April 8, 2011.

1. Do you have any concerns with the straw proposal, and if so please describe.

LS Power understands that CAISO Resource Transition initiative was triggered by existing and new generation capacity requesting to be moved within CAISO. However, in order to effectively participate in this initiative, and analyze the impact of resource transition, LS Power and other asset owners require more information. By providing little to no information regarding which potential interties and boundary substations are involved with the requests made by resources requesting transition, and the MW amount of the generation capacity requesting transition at these boundary locations, the CAISO makes it impossible for market participants to evaluate the potential impact on existing and proposed resources. In addition, it must be realized that in failing to provide such information an unlevel playing field is created between stakeholders that have information concerning the interties which may be affected, and the extent of that impact, and the rest of the market which does not have access to such information.

In order to provide for a fair and transparent Stakeholder process where resources affected by the changes have a meaningful opportunity to evaluate the impacts of the straw proposal, LS Power believes CAISO should provide the following information to all stakeholders: 1) which interties and which boundary substations are potentially impacted by the requests made by resources requesting transition; 2) the approximate MW quantity of the impacts; and 3) to what extent the changes in the CAISO boundary are expected to reduce available RA import capacity across the interties?

We believe this information can be provided in an appropriate format which still maintains confidentiality regarding the resources in question. Being a CAISO Market Participant, we believe releasing such information to all stakeholders will be in compliance with the Open Access tariff. Without this information, it is not possible for CAISO Market Participants to analyze the impact of these requests, and certain participants will be at a significant disadvantage relative to the participants who are privy to this information.

2. The ISO has proposed specific criteria to qualify for a resource transition as described in the straw proposal. Do you have any concerns with the proposed criteria, and if so please describe.

LS Power's main concern with the criteria is that transitioning a generator into CAISO and correspondingly awarding RA deliverability to it should not unduly restrict the amount of RA import capacity that is available (or could become available in the future) to Load Serving Entities to import other resources under contract, and/or which could be utilized by other Market Participants.

3. The ISO has proposed to determine historical deliveries associated with resource transitions based on (1) tags and metered output data, or (2) if tags are not available or clear, the power purchase agreement contract and metered output data. Do you have any concerns with these approaches, and if so please describe.

CAISO's Straw Proposal states ... "To determine the amount of the resource's capacity to which deliverability will be assigned, the ISO will conduct an assessment of historical deliveries based on (1) tags and metered output data, or (2) if tags are not available or clear, the power purchase agreement (PPA) contract and metered output data. The amount of energy delivered by the resource into the ISO grid during the deliverability hours used to establish RA deliverability will determine the amount of the resource's capacity that qualifies for deliverability status under this proposal...."

Under this approach, if Power Purchase Agreements are used for establishing the amount of deliverability to a transitioning resource, there currently is no proposed criteria for a minimum term remaining on the PPA contracts before deliverability is assigned. For instance, if PPA for a generator that transitions into CAISO were to expire shortly after it transitions into CAISO and it receives deliverability assigned based on this PPA, the generator will receive indefinite RA

benefits. Under the existing process, intertie capacity is allocated to LSEs on a load ratio share annually, with certain existing PPAs grandfathered to guarantee intertie capacity for import counting. Moving a resource into CAISO based on this counting would likely reduce the intertie capacity on a permanent basis. At the expiration of those grandfathered PPA's, all generators and LSE's should have equal access to existing intertie capacity. CAISO should develop rules around this approach to ensure that other market participants importing into CAISO at the same intertie are not put at a disadvantage as a result of the Resource Transition proposal.

Additionally, LS Power believes CAISO needs to add more details on the process that will be used for determining historic deliveries. How much historical data will be used? What will the resolution be if tags are not clear? Will generators need to request that CAISO perform this analysis so they can find out how much Deliverability can be assigned to them if they were to transition within CAISO or does CAISO intend to provide this information to all generators that are currently out of CAISO BAA but schedule energy into CAISO (or have done so in the past).

4. If you have any additional comments, please provide them here.

We thank the CAISO for the opportunity to comment and we encourage CAISO to ensure that this initiative does not put any market participants at an undo advantage or disadvantage relative to other market participants.