

Comments of Mirant California, LLC, Mirant Delta, LLC, and Mirant Potrero, LLC On Standard Capacity Product

| Submitted by | Company | Date Submitted |
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The California Independent System Operator (CAISO) has requested that interested parties submit written comments on the *Standard Capacity Product Issue Paper* that is posted to the CAISO’s web site and which was discussed during a conference call held on September 3, 2008. On behalf of Mirant California, LLC, Mirant Delta, LLC, and Mirant Potrero, LLC (collectively, Mirant), we offer the following comments regarding a Standard Capacity Product (SCP).

Mirant’s General Comments

Mirant supports the CAISO’s effort to develop the SCP and looks forward to participating in future efforts to create this new tool. Because of timing, Mirant is not in a position to provide substantive responses to each of the questions raised in staff’s template of questions related to its *Standard Capacity Product Issue Paper*. However Mirant takes this opportunity to provide input on the grandfathering issue that is the subject of Question No. 23 of CAISO staff’s template of questions.

Implementation Details

23. The CAISO understands that the end-state vision for the SCP is that it will apply to 100% of the capacity procured to meet RA requirements. Can the SCP definition be applied to 100% of RA Capacity from the start? Is there a need for a transition period to a full implementation of SCP (i.e., short-term “grandfathering” of some existing RA capacity)?
 - a. If a transition period is needed what is the rationale for it and how should it be defined?

Mirant’s Response: Any implementation of an SCP should ensure that the SCP does not interfere with rights and obligations under existing contracts related to resource adequacy. To eliminate any ambiguity in this respect, the CAISO should grandfather existing contracts for resource adequacy during the remaining life of such contracts,

including any optional extensions contemplated under the provisions of those contracts. To implement this principle, grandfathered capacity should be excluded from resource and load calculations for resource adequacy purposes, e.g., 100 MW of grandfathered capacity reduces 100 MW of the LSE's obligation, through the life of the contract.

- b. What criteria should be used to define categories of RA resources eligible for grandfathering during the transition period? What shares of RA capacity do these categories represent, and what are the practical implications – e.g., any relaxation of performance obligations, reduction in tradability, impacts on existing supply contracts – of allowing them to be grandfathered?

Mirant's Response: See response to Question 23.a.