

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: Resource Adequacy Deliverability Assessment for Resources Transitioning from Outside to Inside the ISO Balancing Authority* Issue Paper posted on February 11, 2011, and issues discussed during the stakeholder conference call on February 18, 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 March 2, 2011.

Ormat appreciates the opportunity to comment on this issue. While we do not currently have any resources that currently fit into this category, we believe that there are basic good policy reasons to support one of the options.

- Preferred Option** – Do you have a preference for any one of the three options presented in the issue paper and why?

Ormat strongly supports Option 3 for several reasons. First, it recognizes the contribution that a transitioning resource has historically made to ISO capacity and does not penalize the resource for joining the ISO. This would likely encourage expansion of the CAISO footprint and an increase in dynamic scheduling rather than discourage it. Second, it is consistent with the process used in another form of resource transition – repowering or replacing an existing resource at the same location. Just like a retiring resource gets to maintain deliverability for use by its replacement, a resource that transitions from outside to inside the ISO should be able to maintain the same level of deliverability without having to reenter the GIP. Third, it is the most equitable solution – the

transitioning resource retains its deliverability, no incremental deliverability capability is “used up” because import deliverability is reduced by the same amount as the transition, and import deliverability can “recover” over time based on the ISO grid’s ability to reliably accept increased capacity.

2. **Objection to Option** – Do you have a strong objection to any of the three options presented in the issue paper and why?
Ormat objects to Option 1 because it doesn’t do any of the things that Option 3 does. By requiring GIP participation to maintain any deliverability it discourages resources from transitioning into the ISO, negates any historic capacity benefit the resource had provided the ISO, and maintains a level of import deliverability that may not reflect actual resource availability once the transitioning resource enters the ISO’s BAA.
3. **Providing Deliverability to Resource versus to Load Serving Entity** – What is your view on providing deliverability capability to a transitioning generating unit versus a load serving entity, recognizing that prior to the transition the maximum import capacity to which the generating unit’s historical schedules contributed was allocated to load serving entities?
It does not appear that transferring deliverability from the LSE through import to the transitioning resource results in any meaningful loss of capacity. The primary reason LSEs are allocated import capacity is that deliverability is an internal ISO product that is only valuable for deliveries into the ISO. Making import capacity available to LSEs is the only mechanism that allows imports to count toward RA obligations. However, import RA capacity is not as valuable to the ISO for reliability purposes as is internal capacity. Imports have a less robust must-offer obligation and are generally less available to the ISO to dispatch. Reducing import capacity (perhaps temporarily) while gaining a comparable amount of internal ISO capacity does not reduce the total amount of potential RA capacity available for LSEs to acquire, it just makes it more useful to the ISO. Because import deliverability can possibly increase over time, the net result could be an increase in overall deliverability without the need to build new transmission or generation facilities.
4. **Other Options** – Please describe any other viable options the ISO should consider, in addition to the three options identified in the issue paper. If you prefer one of these other options, please explain why and how any additional options address equity issues such as those described in item 3 above.
The options identified appear to reasonably cover the alternatives available.
5. **Other Comments** – If you have any additional comments, please provide them here.
No further comments, thanks for the opportunity to participate.