



## **Comments of Pacific Gas and Electric Company On the 'Standard Capacity Product'**

PG&E provides these comments in response to 'Standard Capacity Product conference call held on October 20, 2008. PG&E appreciates the efforts of the CAISO and other stakeholders on the implementation of a Standard Capacity Product (SCP).

### **General Comments**

#### Timeline

PG&E recognizes that the stakeholder process has proceeded slowly and that the process now must move somewhat expeditiously, as laid out in the presentations at the October 20, 2008 stakeholder meeting, in order for the SCP to be in place for the 2010 RA year. PG&E believes that the timelines discussed at the October 20 meeting are feasible as long as the implementation of the SCP in the CAISO tariff for a February 2009 filing is minimalist and the resolution of important substantive issues is deferred to the appropriate venue(s).

Given that the current RA program seems to be fulfilling its objectives and the uncertainty surrounding many other aspects of RA policy—such as the potential adoption and implementation of a centralized capacity market—PG&E does not anticipate significant costs associated with further delay of the implementation of SCP. At worst, the delay of SCP would force market participants to muddle along with the current system for another year or two before more major changes to the RA program are implemented. If the implementation of SCP in time for a February 2009 filing can be accomplished without changing major elements of the RA program, then the ISO's timeline is realistic. Otherwise, PG&E would prefer to take the time to get the details right.

#### AS MOO

PG&E is particularly concerned that the implementation of the SCP might expand the MOO to include an AS MOO. If significant modifications to the RA-MOO are contemplated as part of the implementation of SCP, then more time needs to be devoted to workshops to discuss revisions to the RA-MOO. PG&E agrees with the CPUC that:

“the AS MOO is not currently part of the SCP definition, nor is it part of the CPUC's RA requirement. If the CAISO wishes to have the CPUC define the CPUC RA requirement in such a way that includes an AS MOO, then they may participate in Phase 2 of CPUC proceeding R.08-01-025 and request the CPUC to

make the necessary changes. The AS MOO may be appropriate but full analysis of the effects on energy, AS, and capacity markets should be studied before expanding the CPUC RA MOO to require an AS MOO. CAISO must be explicit about what an AS MOO will require of RA units.”

A decision in Phase 2 of R.08-01-025 is not expected in time for a February 2009 CAISO tariff filing. PG&E disagrees with CFCMA that “the RA-MOO should be extended to include Ancillary Services to the extent they are certified,” at this juncture.