

Stakeholder Comments

Capacity Procurement Mechanism Risk-of-Retirement process enhancements Final Proposal

Submitted by	Company	Date Submitted
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Southern California Edison (SCE) offers the following comments on the Capacity Procurement Mechanism Risk-of-Retirement (CPM ROR) Draft Final Proposal¹ of the California Independent System Operator (CAISO).

SCE supports the CAISO’s proposal and offers the following comments.

SCE appreciates the CAISO’s clarification that Resource Adequacy (RA) crediting will be based on the attributes of the procured resource

As with the CAISO position in the Temporary Suspension of Resource Operations (TSRO), it is appropriate that if a resource has local or flexible attributes, then the Load Serving Entity (LSE) paying the CPM should be credited for all of those attributes. SCE supports this position and thanks the CAISO for the clarification.

SCE supports that approval of all CPM ROR costs, including amortized past expenses, are done by the Federal Energy Regulatory Commission (FERC)

SCE continues to support resources recovering appropriate costs. Thus, any such costs should be demonstrated at the FERC and approved by them. SCE supports the CAISO proposal stating as such.

¹ <http://www.aiso.com/Documents/DraftFinalProposal-CapacityProcurementMechanismRisk-of-RetirementProcessEnhancements.pdf>

SCE supports the CAISO position to not allow resources to apply for CPM ROR once they have been rejected

During the stakeholder call, the CAISO indicated that it expected a resource not granted a CPM – ROR to pursue retirement. SCE had expressed concerns with price discovery that allowing a resource to continue to operate and not retire could provide a free option to gain unfair insight into the value of their resource that other market participants did not have. The CAISO clarified that it was their intent to not allow multiple requests for a CPM – ROR once a request has been denied. After further consideration, SCE believes that such a structure could adequately address the price discovery concern that SCE had mentioned.