

# Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your written comments on the stakeholder initiative “Capacity Procurement Mechanism Risk-of-Retirement Process Enhancements.”

Submit comments to [InitiativeComments@CAISO.com](mailto:InitiativeComments@CAISO.com)

**Comments are due October 4, 2017 by 5:00pm**

The Draft Final Proposal posted on September 13, 2017 and the presentations discussed during the September 20, 2017 stakeholder conference call can be found on the [CPM ROR Website](#).

Please use this template to provide your written comments on the Draft Final Proposal and any additional comments that you wish to provide.

1. Please indicate whether you support the Draft Final Proposal.

## Comments:

SDG&E does not support the CAISO’s CPM ROR Draft Final Proposal for several reasons.

First, SDG&E does not support the April window because the information provided to market participants that a resource will be procured by the CAISO if no other LSE procures the resource prior to the year-ahead showing ensures the CPM as the price floor for that resource. As the CAISO stated during the stakeholder call, it cannot fathom a reason why a resource that will receive CPM payments will possibly contract itself to other LSEs for a lower price after the CPM designation. This is the main reason why LSEs believe the April window will undermine the existing bilateral capacity framework.

Second, the proposal fails to address the use of RMR for resources owned by the Calpine Corporation as highlighted in March and September 2017. The CAISO's reply to SDG&E's questions regarding the scenario when a resource provides the CAISO with a possible shutdown notice between the windows is evidence that resources will be more likely utilize other available options than CPM ROR. The CAISO's response was that it will study the possible resource shut down for RMR, a process that has a lower threshold of entry than CPM ROR.

Third, the timing of the windows does not ensure LSEs procure the uniquely qualified resource(s) and ultimately increase ratepayer costs due to imperfect information. For example, the Type 3 report would appear sometime around Dec 15<sup>th</sup>. This is well after the annual year-ahead report which would be made available sometime around Nov 15<sup>th</sup>. The year-ahead report might show multiple resources including the resource seeking CPM ROR, but LSEs would not know this information. Instead, LSEs procure other resources on the year-ahead report and then would be notified on Dec 15<sup>th</sup> that the CAISO would CPM ROR the resource that LSEs did not procure. In turn, costs are increased for LSEs because information was not made available. The year-ahead report only lists Local resources but not resources needed for System or Flexible needs.

Fourth, the proposal disadvantages the CAISO in selecting the uniquely qualified and lowest cost option for the same time period. For example, when more than one resource requests Type 2 CPM ROR in the April window, the CAISO studies the resources in a cluster. Suppose it is determined that only one is needed for reliability and others may retire. LSEs are provided notice on May 15<sup>th</sup> and may procure by Dec 22<sup>nd</sup>. Layering on a Type 3 request in November, the CAISO no longer has the ability to choose the best qualified and lowest priced option because it let the other resources retire during the April window.

## 2. Please provide any additional comments.

### **Comments:**

SDG&E believes the proposal is not ready yet for the Board of Governors. There were several questions raised by stakeholders during the last call which the CAISO needed additional time to respond. SDG&E recommends the CAISO provide responses to those questions and make necessary changes to the proposal. SDG&E believes that CPM ROR should be linked to TSRO as steps of the same process. Treating the two initiatives separately does not accomplish the original goal the CAISO set.