

Western Power Trading Forum Comments on Capacity Procurement Mechanism Risk-of-Retirement Process Enhancements Draft Final Proposal

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About the Western Power Trading Forum

The Western Power Trading Forum (WPTF) is a California nonprofit, public benefit corporation. It is a broad-based membership organization dedicated to enhancing competition in Western electric markets while maintaining the current high level of system reliability. WPTF supports uniform rules and transparency in order to facilitate transactions among market participants. The membership of WPTF includes load serving entities, energy service providers, scheduling coordinators, generators, power marketers, financial institutions, and public utilities, all of which participate actively in the California market and other such markets in the West and across the country.¹

Overall Comments on Initiative Direction

FERC has clearly indicated their preference for market-based backstop mechanisms² and WPTF can only assume this preference will continue with the new FERC Commissioners. The risk-of-retirement CPM mechanism today is market-based, albeit with some minor flaws. Rather than fix these flaws; however, the CAISO has moved to a cost-based design that looks more like RMR than a competitive backstop procurement. In fact, WPTF is struggling to see how the current proposal is anything but RMR with more obligations on the retiring resource. Given this, WPTF asks the CAISO why a resource would ever go through the CPM ROR process rather than simply saying they plan on making their resource unavailable and seek to be evaluated under the CAISO's RMR process.

Detailed Comments

The current risk-of-retirement allows resources to submit a market-based offer to remain in service in the current year for the chance to gain an RA contract the following year. The decision by a supplier to remain in service for a future opportunity (not guarantee) is complex and based on many things beyond simply the going forward costs of the plant. Companies also need to consider the cost of continuing to tie up their capital, opportunities for capital redeployment, RA expectations going forward, etc. While some companies are set up to find a cost-based rate such as RMR acceptable, other companies have a different opportunities and should not be limited to a cost-based rate absent market power.

¹ A member list can be found [here](#) and these comments do not necessarily represent individual member views.

² “Given the problems with the out-of-market approach taken by CAISO in the FLRR proposal, the Commission finds that further efforts to refine the details of the FLRR proposal would not achieve a just and reasonable result. Thus, we encourage CAISO and its stakeholders to focus on the development of a durable, market-based mechanism that provides incentives to ensure that resources with the adequacy and operational needs CAISO requires are available to meet system needs.” At 68. ER13-550-000. AND at 57 & 58 ER11-2256-000.

WPTF believes the CAISO should limit changes to the current CPM ROR design to the following changes:

1. Revise the attestation requirements and remove the requirement to current have no RA contract.
 - a. WPTF supports the current CAISO proposals.
2. Introduce two windows to submit CSP offers for CPM ROR with no obligation to prove costs are above an artificial, irrelevant dataset
 - a. WPTF believes the current CAISO proposal to compare resource costs to the average RA price is ridiculous. The average self-reported RA contract price of all contracts signed across time and locations literally has nothing to do with the current RA market in any one area.
3. Clarify that the tariff does indeed guarantee the CPM for all months.
 - a. WPTF supports current CAISO proposal and statements that this is already in the tariff and so the changes are only a clarification.

Thank you for your consideration of these comments.