

Stakeholder Comments

Subject: Market design initiatives process - Catalog

Submitted by	Company	Date Submitted
<i>Grant McDaniel and Doug Davie</i>	<i>Wellhead</i>	<i>10/28/11</i>

Wellhead appreciates this opportunity to comment on the 2011 market design initiatives process catalog.

Wellhead strongly agrees with PG&E and SCE that CAISO needs to address uplift treatment to accommodate GHG as soon as possible as scheduled in section 2.9

Wellhead strongly agrees with SCE that the ISO needs to implement a two-part startup cost proxy bid to eliminate exposure to fuel price volatility for certain fixed costs as addressed in both sections 2.7 and 2.12. This section should be expanded to specify, among other things, that these fixed costs should include major maintenance as determined by the stakeholders and acknowledged by the CAISO in the recent O&M adder stakeholder process.

Wellhead requests that the CAISO add an additional Section to re-evaluate the existing policies associated with the current market-wide uplift treatment of certain GMC related costs. Specifically, the Minimum Load Costs need to be augmented to account for the costs of the new System Operations Charge which the CAISO will be charging to all generation, including minimum load. In the stakeholder process, this needed change was acknowledged by the CAISO staff. Wellhead believes that this initiative should be high priority because it is the result of other CAISO changes (i.e. the CAISO is implementing a new GMC cost but the Tariff does not allow for this cost to be recovered when the CAISO dispatches a facility at minimum load). This enhancement is needed in the near term regardless of RI-MPR 2.

Wellhead believes the CAISO needs to resume efforts to update the Tariff to take account of combined heat and power projects to ensure there are no problems in the implementation of the CHP Settlement that recently received final approval by the CPUC. This is seemingly an element of the Regulatory Must Take Generation initiative that was suspended. One of the changes needed in the very near term is to update/reform the QFPGA to be applicable to CHP projects. This is needed since the CHP Settlement does not rely upon QF status and the FERC has acted on the California utilities to terminate the “must take” requirements under PURPA for projects greater than 20 MW. Since the QFPGA is not available to projects that do not have QF certification, a reformed QFPGA is required. That CHP-PGA will take account of the fact that these facilities are producing electricity in conjunction with industrial processes and thermal energy which creates certain limits in the generating facilities flexibility/capability.