

COMMENTS OF THE CALIFORNIA DEPARTMENT OF WATER RESOURCES

STATE WATER PROJECT

The California Department of Water Resources State Water Project appreciates the opportunity to comment on the CAISO's draft tariff language, and offers the following points of clarification:

- § 30.5.2.7 should make clear that use-limited resources are not obligated to submit RUC availability bids
- § 43.2.6 should be clarified to state expressly that all stated conditions must be met before the respective procurement may be made
- §§ 43.7.1 and 43.7.2.2 should be modified so that the formulas reflect the fact that CPM designated use-limited resources are not required to make capacity available on a 24 hour/day basis throughout the month

COMMENT:

It should be made clear that the RUC availability bid is not mandatory for use-limited resources.

Therefore, the following highlighted insertions are suggested in the tariff language.

30.5.2.7 RUC Availability Bids

Scheduling Coordinators may submit RUC Availability Bids for specific Generating Units in the DAM; however, Scheduling Coordinators for Resource Adequacy Capacity or CPM Capacity must submit RUC Availability Bids for that capacity **(excluding use limited resources)** to the extent that the capacity has not been submitted in a Self-Schedule or already been committed to provide Energy or capacity in the IFM. Capacity that does not have Bids for Supply of Energy in the IFM will not be eligible to participate in the RUC process. The RUC Availability Bid component is MW-quantity of non-Resource Adequacy Capacity in \$/MW per hour, and \$0/MW for Resource Adequacy Capacity or CPM Capacity.

COMMENT:

SWP believes that the CAISO's use of "and" in the enumeration of criteria intends that each must be met, but suggests adding clarity, with the highlighted phrase below:

43.2.6 Capacity At Risk Of Retirement Needed For Reliability

The CAISO shall have the authority to designate CPM Capacity to keep a resource in operation that is at risk of retirement during the current RA Compliance Year but will be needed for reliability during the subsequent RA Compliance Year. The CAISO may issue this risk of retirement CPM designation **the event that all of the following circumstances apply:**

- (1) the resource was not contracted as RA Capacity nor listed as RA Capacity in any LSE's annual Resource Adequacy Plan during the current RA Compliance Year;
- (2) the CAISO did not identify any deficiency, individual or collective, in an LSE's annual Resource Adequacy Plan for the current RA Compliance Year that resulted in a CPM designation for the resource in the current RA Compliance Year;
- (3) CAISO technical assessments project that the resource will be needed in the subsequent RA Compliance Year for reliability purposes, either for its locational or operational characteristics;
- (4) no new generation will be in operation by the start of the subsequent RA Compliance Year that will meet the identified reliability need;
- (5) the resource owner submits to the CAISO at least 180 days prior to termination of the resource's PGA the affidavit of an officer of the company, with the supporting financial information and documentation discussed in the BPM for Reliability Requirements, that attests that the resource will not be commercially viable in the current RA Compliance Year and is likely to retire;
- (6) the CAISO reviews the affidavit and supporting financial information and documentation submitted by the resource owner and performs due diligence to assess the resource's financial circumstances, and which as part of its review shall consider the results of any analysis performed by the CAISO's DMM of the affidavit and supporting financial information and documentation to assess the accuracy of the information submitted, the reasonableness of the representations and conclusions contained in the submission, and

the appropriateness of the resource's conduct and efforts to sell Capacity in the bilateral market; and

- (7) the CAISO determines that the expectation of losses and likely retirement of the resource are reasonable and supported by fact.

Prior to issuing the CPM designation, the CAISO shall prepare a report that explains the basis and need for the CPM designation. The CAISO shall post the report on the CAISO's Website and allow an opportunity of no less than 30 days for stakeholders to review and submit comments on the report and for an LSE to procure Capacity from the resource.

COMMENT:

The formula for CPM Capacity Payment should recognize that use-limited resources are not required to be available 24 hours/day for all hours of the month. Therefore, the following modified language is suggested so that a CPM designated use limited resource may be appropriately addressed.

43.7.1 Monthly CPM Capacity Payment

Scheduling Coordinators representing resources receiving payment under this Section 43.7.1 shall receive a monthly CPM Capacity Payment for each month of CPM designation equal to the product of the amount of their CPM Capacity, the relevant CPM Availability Factor for Forced Outages, as determined in accordance with Appendix F, Schedule 6, a monthly shaping factor as set forth in Appendix F, Schedule 6, a fixed CPM Capacity price of \$55/kW-year and the CPM Availability Percentage for Maintenance Outages, so that the formula for determining the monthly CPM Capacity Payment would be as follows:

$$\text{(CPM Capacity MW)} \times \text{(CPM Availability Factor for Forced Outages)} \times \text{(1/12 monthly shaping factor)} \times \text{(\$55/kW-year)} \times \text{CPM Availability Percentage for Maintenance Outages.}$$

The CPM Availability Percentage for Maintenance Outages is equal to the ratio of: (1) the sum of the CPM Capacity MW for each hour of the month across all hours of the month, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW **either (a) across all hours of the month in the case of non-use-limited resources, or (b) across the hours of the month the resource is expected to be available in accordance with its Use Plan in the case of a use-limited resource**, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a Maintenance Outage or non-

temperature-related ambient de-rates to (2) the product of CPM Capacity MW and the product of the CPM capacity MW and the **month's hours of expected availability, as applicable based on the resources' use-limited or non-use-limited status.**

The foregoing formula shall apply to all CPM Capacity receiving monthly CPM Capacity Payments under this Section 43.7.1 except for CPM Capacity designated to respond to an CPM Significant Event or an Exceptional Dispatch CPM, in which case the monthly CPM Capacity Payment shall be based proportionately on the actual number of days the resource was designated as CPM Capacity during the month to the total number of days in the month.

For purposes of CPM designations, except for designations for CPM Significant Events and Exceptional Dispatch CPM, the CPM Availability Factor for Forced Outages shall be calculated as the ratio of: (1) the sum of the CPM Capacity MW for each hour of the month across all hours of the month, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a Forced Outage or temperature-related ambient de-rate, to (2) the product of CPM Capacity MW and the total hours in the month.

For purposes of CPM designations for CPM Significant Events and Exceptional Dispatch CPM, the CPM Availability Factor for Forced Outages shall be calculated as the ratio of: (1) the sum of the CPM Capacity MW for each hour across all hours of the month or part of the month for which a unit is designated, whichever is applicable, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a Forced Outage or temperature-related ambient de-rate , to (2) the product of CPM Capacity MW and the total hours in the month or part of the month for which a unit is designated, whichever is applicable.

43.7.2.2 Resource-Specific Monthly CPM Capacity Payment

Scheduling Coordinators representing resources receiving payment under Section 43.7.2 shall receive a monthly CPM Capacity Payment for each month of CPM designation equal to the product of the amount of their CPM Capacity, the relevant CPM Availability Factor for Forced Outages as determined in accordance with Appendix F, Schedule 6, a monthly shaping factor as set forth in Appendix F, Schedule

6, the resource-specific CPM Capacity price, as determined by FERC and the CPM Availability Percentage for Maintenance Outages, in accordance with the following formula:

$$\text{(CPM Capacity MW)} \times \text{(CPM Availability Factor for Forced Outages)} \times \text{(1/12 monthly shaping factor)} \times \text{(the resource-specific CPM Capacity price as determined by FERC)} \times \text{CPM Availability Percentage for Maintenance Outages.}$$

The CPM Availability Percentage for Maintenance Outages is equal to the ratio of: (1) the sum of the CPM Capacity MW for each hour of the month across all hours of the month, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a Maintenance Outage or non-temperature-related ambient de-rate to (2) the product of CPM Capacity MW and the total hours in the month.

The foregoing formula shall apply to all CPM Capacity receiving monthly CPM Capacity Payments under Section 43.7.2 except for CPM Capacity designated to respond to an CPM Significant Event or Exceptional Dispatch CPM, in which case the monthly CPM Capacity Payment shall be based proportionately on the actual number of days the resource was designated as CPM Capacity during the month and available to the CAISO to the total number of days in the month.

Prior to the determination by FERC of the resource-specific going forward costs for CPM Capacity designated and paid pursuant to Section 43.7.2, the CAISO shall proceed as follows. For the period between the CAISO's designation and the FERC's determination, the CAISO shall utilize the \$55/kW-year rate for purposes of the resource-specific monthly CPM Capacity Payment for financial Settlement. This amount shall be subject to surcharge based on the outcome of the FERC proceeding so that the resource will receive any higher actual resource-specific payment as determined by FERC for the full period of the CPM designation. Once approved by FERC, the CAISO shall apply the higher of \$55/kW-year or the resource-specific CPM Capacity price as determined by the FERC.

For purposes of CPM designations, except for designations for CPM Significant Events, the CPM Availability Factor for Forced Outages shall be calculated as the ratio of: (1) the sum of the CPM Capacity MW either (a) across all hours of the month in the case of non-use-limited resources, or (b) across the hours of the month the resource is expected to be available in accordance with its Use Plan in the case of a use-limited resource, where the actual capacity MW available to the CAISO, if less

than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a Forced Outage or temperature-related ambient de-rates, to (2) the product of CPM Capacity MW and the **month's hours of expected availability, as applicable based on the resources' use-limited or non-use-limited status.**

For purposes of CPM designations for CPM Significant Events, the CPM Availability Factor for Forced Outages shall be calculated as the ratio of: (1) the sum of the CPM Capacity MW for each hour across all hours of the month or part of the month for which a unit is designated, whichever is applicable, where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available and is not on an authorized Outage, to (2) the product of CPM Capacity MW and the total hours in the month or part of the month for which a unit is designated, whichever is applicable.

For purposes of this Section 43.6.2, an authorized Outage shall be limited to a CAISO Approved Maintenance Outage.