

**Comments of Calpine Corp. on
*Renewable Integration Market Vision and Roadmap***

Submitted by	Company	Date Submitted
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Calpine commends the CAISO for accelerating the consideration and implementation of forward mechanisms to secure flexible capacity. Despite the fact that the CAISO's renewable integration modeling suggests that most if not all existing resources that are not scheduled to retire to comply with once-through cooling regulations will be needed to satisfy future renewable integration requirements, there are no obvious current CPUC or CAISO mechanisms to secure the availability of those resources for the future. The CPUC's RA program has a one-year forward time horizon and focuses on satisfying planning reserve margin and local capacity requirements, not future flexibility requirements associated with increasing penetrations of renewables. Consequently, many resources that may be needed to satisfy future flexibility requirements are not needed to satisfy current RA requirements and hence receive limited or no RA compensation. Relatedly, the CAISO's current backstop procurement mechanism, CPM, can only secure resources one year forward, or, in the case of the new "risk of retirement" designation, two years forward. Absent a mechanism to secure the resources necessary to meet renewable integration requirements when they begin to emerge, presumably starting in 2015 and beyond as once-through cooling units retire and more renewable resources come on line, existing resources that could satisfy future flexibility requirements cost-effectively are at risk of retirement. If these resources do retire, replacing them with new resources is likely to be significantly more expensive than the compensation necessary to keep them operating. Calpine strongly supports the CAISO's efforts to fill this significant gap in procurement policy. Further, Calpine agrees with the CAISO's staged approach to the problem. Calpine shares the CAISO's view that developing a long-term market-based solution to the problem is likely to take multiple years. In the interim, Calpine supports the expansion of the CAISO's administrative backstop procurement mechanism to enable the CAISO to procure capacity multiple years in advance of when it is needed.