

Comments of Calpine Corporation on the CAISO's
Straw Proposal
Seven-Day Advanced Outage Submittal

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Summary

Calpine supports the current CAISO policy to require transmission outage submissions at least 7 days before the day of outage and without further clarification, opposes any relaxation which would allow submittal of "Unplanned" transmission outages in less than 7 days.

In addition, Calpine proposes that Planned and Unplanned Outages be "approved" 3 days prior to start and that no outages be "approved" any later than 2 hours before the submission of Day-Ahead market bids. To do otherwise threatens market efficiency.

Calpine Opposes the "Unplanned Outage" change.

The CAISO Straw Proposal proposes to relax current outage processing requirements and allow outages to be submitted after the seven-day window. Whether or not these outages have network impacts, they will be accepted on a first-come, first-served basis and approved only "at the discretion of ISO Outage Coordination¹".

Calpine believes that any outage could have reliability or market impacts and the extent of those impacts will not be known until the CAISO reviews the requested outage. If we understand the CAISO proposal correctly, it seems that allowing submittal of Unplanned Outages after the 7-day window entirely guts the 7-day requirement. While we agree that the acceptance of any such outage should be "at the discretion of ISO Outage Coordination," as we discuss below, we believe that the option to submit outages close to real time threatens the efficiency of the market.

Calpine believes that there are substantial reasons to demand that even routine work be submitted and posted no later than seven days prior to the outage.

¹ Straw Proposal, Section 6.1

Requiring notice informs all parties of the intent to take equipment out of service or otherwise endanger normal operation and allows all parties to coordinate maintenance. Seven days' notice of such work is reasonable. Even routine outages (e.g. relay testing, hot washes) may have to be coordinated with other parties to ensure that testing conditions are communicated and a heightened state of operational readiness can be created.

If the CAISO does allow late-submission of "Unplanned Outages" that do not affect system reliability, it should only do so with strong admonishment to ensure that prior coordination with any affected generators occurs.

Requiring notice is not an undue burden. PTOs that manage large transmission systems should be able to plan their work seven days ahead of execution, just as well as they can three days ahead. If conditions change, planned outages can much more easily be cancelled by the PTO than evaluated on short notice by the CAISO.

As such, Calpine opposes any relaxation of the seven-day notice requirement.

Late outage approvals have significant market impacts.

The CAISO's Straw Proposal appropriately highlights the need for sufficient time to evaluate the impacts of transmission outages "ahead of the advance market runs." With notice, the CAISO can adjust network model conditions (that is, remove or de-rate the targeted equipment) and allow the entirety of the CAISO fleet to be re-dispatched to accommodate the network change. With this notice, the Integrated Forward Market and its security-constrained economic dispatch can resolve the system at least cost.

However, if the IFM runs and subsequently, transmission outages are enforced, inefficiencies occur. The CAISO Straw Proposal describes this situation as follows:

Requests made this close to the operating day are often not included in the advanced market analysis because of insufficient time to evaluate the market impacts and consequently end up being processed closer to real-time when prices for energy are higher and the opportunities to utilize less costly and more efficient resources are limited by availability².

When outages are not submitted with proper notice or not deemed "approved" by the CAISO's Outage Management team, these outages are not modeled in the

² Straw Proposal Page 3

IFM and result in either RT redispatch or Exceptional Dispatches³ (“ExD”) later, when the outage is “approved”. These ExDs result in excess energy on the grid, eliminate true congestion, are not allowed to set the LMP and therefore suppress market prices.

For these reasons, Calpine proposes that Planned and Unplanned outages be “approved” by the ISO Outage Coordination team 3 days prior start and at no time should they be approved later than 2 hours before the DA bids are submitted.

Thanks for considering our comments.

³ Calpine has received several of these Exceptional Dispatches as verbal dispatch orders after the reliability review of IFM results (at or around 3:00 to 5:00 pacific).