

FPL Energy Comments

PIRP Exports

FPLE appreciates the opportunity to submit comments on the revised draft of the Joint Proposal to Address Exports of PIRP Energy.

FPLE's support for the changes to the PIRP program is and has been conditioned on the laser focus on the issue of how to treat PIRP energy that is exported. FPLE now understands that due to the inability to track energy deliveries, the focus has been blurred to affect ALL future wind energy deliveries. FPLE's support for the broadened proposal is conditioned on several modifications as further described below.

First, regarding the process, FPLE believes that the discussion of this issue should not be limited to an artificial deadline established by an agenda item on the Board of Governors September meeting. We do not believe at this point that the issue is sufficiently vetted, nor formulated to present a Board motion for approval.

Second, we have several comments and unresolved questions on the substance of one fundamental issue that must be resolved prior to FPLE supporting the broadened proposal. In particular, our concerns surround the bilateral contract demonstration requirement.

The CAISO has reached the conclusion that it cannot track wind energy deliveries from generation point to an internal delivery point without the demonstration of a bilateral contract. The broadened proposal now requires that all generators that wish to join the PIRP program will be deemed an export unless they can demonstrate that "they have a contract to serve ISO control area load with the PIRP Energy, or they have contracted with an entity that is paying the for PIRP costs."

As we have often said, FPLE believes that this requirement (1) eliminates wind development model that has been proven effective in other parts of the country, and (2) increases the monopsony power of buyers.

FPLE believes that there are two paths to the financing of new renewable facilities – long-term contracts, and market structures that provide sufficient revenue stability to meet the expectations of lenders. We believe the required and limited demonstration of a bilateral contract with a load-serving entity frustrates each and is a substantial impediment to development.

In particular, FPLE envisions a development model in which wind energy could be sold to the CAISO LMP market as a self schedule at the generation bus.

FPLE believes and has experience to support the fact that financial products could hedge the price risk sufficiently to meet lender requirements. In this case, no contract with a load-serving entity would be apparent, or indeed, necessary from a financing standpoint.

In addition, requiring an LSE contract enhances their buyer market power – knowing that they alone, can establish the conditions over participation in the PIRP program.

As such, FPLE offers the following edits to the section entitled “Identification of PIRP Exports after implementation Date.”

Existing PIRP facilities that desire to increase their participation level in PIRP, or new facilities that desire to join the PIRP program, must provide evidence to the ISO that they have a contract to **sell Energy or Renewable Attributes to entities that** serve ISO control area load with their PIRP Energy ~~or that they have contracted with an entity that is paying for PIRP costs.~~ **Alternatively a Participating Generator or Scheduling Coordinator for the Participating Generator power marketer** can provide a declaration to the ISO that it does not intend to enter into transactions that will result in PIRP Energy serving load that is not in the ISO control area. If a facility cannot provide such evidence **or declaration**, it can still join PIRP, but its PIRP output will be considered to be a non-exempt export of PIRP Energy.

In addition to the changes requested above, FPLE asks the following:

- Would the PIRP applicant need to show that the entire facility is forward contracted in order to qualify for PIRP?
- Would the contract demonstration be based on capacity or energy?
- How would the CAISO propose to separate grandfathered PIRP capacity or energy from incremental non-exempt PIRP energy or capacity that flows through the same meter?
- Would the PIRP applicant be required to demonstrate any other, to date, unmentioned contract metrics?
- Could the demonstration contract be for a firm product that could be supplemented by other resources?
- Could the contract be for any duration, or would participation be limited to the term of any individual contract?
- Could contracts of varying durations, products, and characteristics be aggregated to meet the bilateral contract requirement?
- Would municipal utilities, ESPs, CCAs and the three utilities be eligible load-serving entities? Are there any other entities that would qualify?

- Are there any conditions that would be placed on the bilateral entities that serve load to demonstrate that they had not subsequently sold – by commission or omission – PIRP energy to parties outside the CAISO – for instance as economy energy?
- Would the CAISO require, as part of the bilateral agreement that the counterparty to a PIRP energy sale be limited in the options to dispose of the energy?
- Would an entity that was exporting PIRP energy be required to declare such, and if not be subject to the CAISO behavioral sanctions?
- If a generator sells energy into the post-MRTU CAISO LMP DA or RT market would the CAISO deem it to have been sold to a qualifying entity?
 - Would any conditions be placed on the SC in that case such as a prohibition on exports?
 - What kind of term and commitment to sell into the DA or RT market would be required in order to allow the applicant to qualify for PIRP?