

SCE Comments on the CAISO's Updating ICPM, Exceptional Dispatch Pricing and Bid Mitigation 2nd Draft tariff language

SCE appreciates the opportunity to review and submit these comments and clarification requests on the CAISO's Updating ICPM, Exceptional Dispatch Pricing and Bid Mitigation 2nd Draft tariff language (dated Nov. 9, 2010).

Please note that SCE's review focused on if and how the CAISO responded to comments submitted on the initial (Oct 22) draft tariff language.

Our comments/requests for clarification, which are listed in order of the tariff sections within the 2nd Draft, are intended to help clarify tariff language and do not indicate SCE's support of all elements of the CAISO's CPM proposal.

Section 43.2.6(6) & (7): Requested clarification

Oct 22 version:

- (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.

Nov 9 version:

- (6) the CAISO reviews the affidavit and supporting financial information and documentation submitted by the resource owner pursuant to Section 43.2.6(5) 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.

Will the CAISO please provide some background regarding their decision to remove language (highlighted in yellow) from the tariff that would require a resource to include, within their notice, a description of their conduct and efforts to sell Capacity in the bilateral market?

SCE is concerned that removal of this requirement, a requirement that was specifically mentioned by CAISO personnel during the Aug 23 workshop and which we did not see comments suggesting removal, may give a resource the ability to request and receive a CPM designation without first duly attempting to sell their Capacity via the bilateral market, thus in effect use the CAISO's Capacity Procurement Mechanism to bypass the established RA procurement process.

Section 43.2.6: Request clarification

The last paragraph includes

“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 seven (7) days for stakeholders to review and submit comments on the report and no less than thirty (30) days for an LSE to procure Capacity from the resource.”

- A) Will the CAISO please clarify/confirm that a Market Notice will be issued prior to the posting of the CPM report and that language to this effect will remain in the final BRS or be included within the Tariff language.

Note: This clarification is a repeat from our initial comments.

- B) Will the CAISO please clarify if a maximum number of days has been discuss by when a stakeholder can submit comments on the report and by when an LSE can procure Capacity?

- C) Will the CAISO please clarify if it is be possible for the identified amount of needed capacity to be less than the resource’s full capacity, and if so, will the CPM Report identify only the amount of capacity needed for reliability purposes or will the CPM Report identify the resource’s full capacity as being needed? If the full capacity is not needed, would the CAISO declare a CPM designation for only the amount of capacity that is needed or would the CPM designation be for the resource’s full capacity?

Note: This clarification is a repeat from our initial comments.

- D) Will the CAISO please clarify the process a stakeholder should use to question the results of the CAISO’s technical assessment, to obtain information/assumptions used in the CAISO’s technical assessment, and what tariff language can a stakeholder reference to contest a CPM designation for a resource that threatened retirement?

Note: This clarification is a repeat from our initial comments.

Section 34.9: Request clarification

The second paragraph contains:

“If the Exceptional Dispatch is likely to trigger a CPM designation, ...”.

Will the CAISO please clarify/provide examples of Exceptional Dispatches that may not trigger a CPM designation? Are these potentially non-CPM’ed Exceptional Dispatches limited to resources that already have RA, RMR, CPM contracts or to resources which have previously stated a preference to receive supplemental revenues rather than a CPM contract? Or are there examples of a non-RA resource that has not selected the supplemental revenue option being Exceptionally Dispatched that could not result in a CPM designation?

SCE looks forward to hearing the CAISO’s reply to our concerns/clarifications during the Nov. 23 teleconference.

Sincerely,

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