

Stakeholder Comments Template

Subject: Capacity Procurement Mechanism and Compensation and Bid Mitigation for Exceptional Dispatch

Submitted by	Company	Date Submitted
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This template has been created to help stakeholders provide their written comments on the September 15, 2010 “Revised Draft Final Proposal for Capacity Procurement Mechanism and Compensation and Bid Mitigation for Exceptional Dispatch.” Please submit comments in Microsoft Word to bmcallister@caiso.com no later than the close of business September 29, 2010.

This template is structured to assist the ISO in clearly communicating to the ISO Board of Governors your company’s position on each of the elements of the Revised Draft Final Proposal. In particular, the ISO is interested in whether your company generally supports or does not support each element of the proposal and your reasons for those positions. Please provide your comments below.

Proposal Element	Generally Support	Do not Support
1. File CPM and Exceptional Dispatch tariff provisions with no sunset date.		Dynegy does not support the proposed CPM as a permanent backstop mechanism.
2. Provide that ICPM procurement with a term that extends beyond March 31, 2011 can be carried forward into CPM and paid at CPM rate after March 31 without doing a new CPM procurement.	While Dynegy does not support all aspects of the proposed CPM mechanism, Dynegy does support this administrative bridging mechanism.	
3. Pro-rate the compensation paid to CPM capacity that later goes out on planned outage after being procured under CPM.		Dynegy does not support this. Dynegy supports allowing the resource owner the ability to provide replacement capacity instead of simply pro-rating the term of the designation.
4. Improve current criteria for selecting from among eligible capacity for CPM procurement by adding a criterion to establish a preference for non-	Dynegy supports this, particularly if the decision criteria are made transparent.	

Proposal Element	Generally Support	Do not Support
use-limited resources over use-limited resources.		
5. Improve current criteria for selecting from among eligible capacity for CPM procurement by adding a criterion to establish an ability to select for needed operational characteristics.	Dynergy generally supports this as long as the operational criteria for picking one unit over another are reasonable and are transparently communicated to market participants.	
6. Procure capacity to allow certain planned transmission or generation maintenance to occur.	Dynergy supports this.	
7. Procure capacity in situations where the output of intermittent Resource Adequacy resources is significantly lower than their RA values.	Dynergy supports the CAISO's authority to engage in this kind of procurement but believes that any such procurement of this type warrants a re-examination of the NQC counting rules.	
8. Procure capacity that is needed for reliability but is at risk of retirement.	Dynergy supports providing resources needed for reliability with the revenues needed to justify continued operation, but...	...Dynergy does not support doing so with short-term CPM designations that ignore the practical realities of providing capacity.
9. Base compensation paid for CPM on "going-forward fixed costs" plus a 10% adder (\$55/kW-year per CEC report), or higher price filed/approved at FERC.		Dynergy does not support paying a price that does not include a return on capital investment. However, Dynergy does appreciate that the CAISO's proposal obviates the needs to determine a PER deduction.
10. Compensate Exceptional Dispatch at same rate as compensation paid under CPM, or supplemental revenues option.	While Dynergy objects to some aspects of the CPM proposal, most notably the term of designation, partial unit designation and the going-forward-only price paid to CPM capacity, Dynergy supports providing similar treatment for exceptionally dispatched non-RA, non-RMR capacity.	
11. Mitigate bids for Exceptional Dispatches: (1) to mitigate		Dynergy objects to mitigating

Proposal Element	Generally Support	Do not Support
congestion on non-competitive paths, and (2) made under "Delta Dispatch" procedures.		exceptional dispatches for non-competitive paths because of the unnecessarily conservative nature of the CAISO's CPA methods (e.g., large volume of constraints simply deemed to be non-competitive because they are not tested - most recently, the San Diego minimum on-line generation requirement).

Other Comments

1. If you would like to provide additional comments, please do so here.