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Comments on the CAISO's Revised Draft Final Proposal on Standard Capacity Product II dated April 6, 2010

NextEra Energy Resources, LLC supports the CAISO's and the Public Utilities Commission's (CPUC) efforts to standardize the capacity product. Fundamentally, capacity should be a fungible, tradable product with comparable performance and availability metrics. NextEra appreciates the CAISO's thoughtful response to comments submitted on prior iterations of the proposal and believes the CAISO's proposal is both reasonable and accomplishes the objective of capacity product standardization. NextEra's specific comments are below.

Capacity Performance for Wind and Solar Facilities

The CAISO proposes that the Net Qualifying Capacity (NQC) value (i.e. the amount of capacity that each resource is permitted to sell) ultimately adopted by the CPUC in a decision scheduled for June 2010 is the amount of capacity that will be subject to the CAISO proposed availability metric and associated bonus and penalties. The Revised proposal provides that actual energy production during the delivery hour will be considered in the availability calculation. NextEra supports this proposal as fair in accommodating the nature of wind facilities where often only a single turbine is forced out at a time allowing for the remainder of the facility to continue operating. This proposal is also reasonable because as long as the facility is producing at a level committed through the capacity sale and submitted through the supply plan, the forced outage of a portion of the facility should be irrelevant. That CAISO thoughtfully addresses these issues and NextEra supports the proposal.

Outage Reporting and the Availability Calculation

While not entirely clear in the Revised Draft proposal, it is NextEra's understanding from the stakeholder call on April 13 that the CAISO will only consider forced outages of greater than 10 MW reported through SLIC in the availability calculation. The CAISO has a proposal pending before FERC that would require all Eligible Intermittent Resources to report outages greater than 1 MW in SLIC, which is a more stringent standard compared to the outage reporting requirements applicable to conventional resources.¹ Consistent with the goal of standardization of the availability metric, NextEra supports the CAISO proposal that, for purposes of SCP, it will only consider outages of greater than 10 MW in the availability calculation.

Grandfathering

NextEra strongly supports the CAISO revised position that all contracts signed and submitted for approval to a regulatory authority prior to FERC approval of the SCP II filing will be grandfathered.

Capacity Replacement Requirements for Scheduled Outages

NextEra supports the CAISO's deferral of this issue and deference to the CPUC where it can be addressed comprehensively within the resource adequacy programs in a manner that minimizes risk to generators and costs to consumers.

¹ Docket No. ER10-319-000

NextEra appreciates the opportunity to comment on the CAISO's proposal.

Sincerely,

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