



Pacific Gas and Electric's Comments on Updating ICPM, Exceptional Dispatch Pricing and Bid Mitigation Updated Draft Tariff Language

Submitted by	Date Submitted
Bahaa Seireg (415) 973-0541 b1st@pge.com	October 27, 2010

Pacific Gas & Electric (PG&E) appreciates the opportunity to submit comments on Updating ICPM, Exceptional Dispatch Pricing and Bid Mitigation Updated Draft Tariff Language.

SUBSTANTIVE COMMENTS

1) CAISO Authority to Procure CPM Capacity that is needed for Reliability but is at Risk of Retirement

PG&E strongly opposes giving the CAISO the authority to procure CPM capacity that is needed for reliability but is at risk of retirement; all references to this authority should be deleted from the tariff.¹

2) Sections 43.7.1 and 43.7.2.2

PG&E finds the language below to be confusing and recommends making the following changes:²

*The CPM Availability Percentage for Maintenance Outages is equal to the ratio of: (1) the sum of **actual availability capacity** ~~the CPM Capacity MW~~ for each hour of the month across all hours of the month, ~~where the actual capacity MW available to the CAISO, if less than the CPM Capacity MW, shall be substituted for CPM Capacity MW for each hour the resource is not available due to a~~ **reflecting** Maintenance Outage or non-temperature-related ambient de-rate to (2) the product of CPM Capacity MW and the total hours in the month.*

¹ See PG&E's stakeholder comments: <http://www.caiso.com/2821/2821927940df0.pdf>

² Please note that the text in bold represents suggested additions to the tariff language.

3) Section 43

PG&E recommends replacing the phrase “LSE’s Demand and Reserve Margin requirements” with “Resource Adequacy requirements.” This will allow the language in Section 43 to more closely correspond to the language in Section 40.³

4) Section 43 (d)

Section 43.9 (d) indicates that RA credit will be given to the LSE for CPM capacity purchased by the CAISO from a resource that is at risk of retirement. PG&E recommends that the following changes be made to the section:

*Credit towards the LSE’s ~~Demand and Reserve Margin~~ **Resource Adequacy** requirements determined under Section 40 in an amount equal to the LSE’s pro rata share **based on load** of the CPM Capacity designated under Section 43.2.6.*

PG&E is unclear as to the definition of the term “pro rata.” It is recommended that the pro rate credit be based on load; this should be specified in the tariff.

5) Appendix F (Schedule 6)

PG&E recommends making the following changes to the language below:

*The monthly CPM Capacity Payment shall be calculated by multiplying the monthly shaping factor of 1/12 by the annual CPM Capacity price ~~of \$/kW-year~~ in accordance with Section 43.7.1, unless the Scheduling Coordinator for the CPM Capacity resource has agreed to another price that has been determined in accordance with Section 43.7.2. **The monthly CPM Capacity price of \$55/kW will be in effect for the period April 1, 2011 through December 31, 2012. The price will then be updated for the period January 1, 2013 through December 31, 2014 and subsequently updated every two years to be effective on a calendar year basis.***

The timeline for updating the CPM Capacity price is an important element of the CAISO’s Revised Draft Final Proposal⁴ and should be specified in the tariff.

³ Section 43 uses the phrase “LSE’s Demand and Reserve Margin requirements,” to refer to Section 40 (the section that describes the LSE’s Resource Adequacy obligations). This phrase, however, is not found in Section 40.

⁴ See page 36 of Revised Draft Final Proposal: <http://www.caiso.com/2812/281211a4d4cf70.pdf>

GRAMMATICAL COMMENTS

Section 40.9.7.3 (line 13): In the second paragraph, there is an extra space between “Availability” and “Standard”.

Section 43.2.2 (line 10): There is an extra period after the phrase “Section 43.2.2”.

Section 43.7.2.2 (line 6): There is an extra space between “Outages,” and “in.”

Section 43.9: There are two subsections entitled “e” (the second subsection should be entitled “f”). The second subsection entitled “e” (line 2) should have an added space between “Section,” and “in.”