

# Capacity Procurement Mechanism Soft Offer Cap Issue Paper - Stakeholder Comments

Submitted by	Company	Date Submitted
Aditya Chauhan aditya.chauhan@sce.com	Southern California Edison	7/1/19

Southern California Edison (SCE) offers the following comments on the California Independent System Operator (CAISO) Capacity Procurement Mechanism (CPM) Soft Offer Cap Issue Paper<sup>1</sup>.

## **SCE supports the direction of the CAISO proposal**

SCE is encouraged by the CAISO's scope of this initiative. As mentioned in its comments<sup>2</sup> at the Federal Energy Regulatory Commission (FERC), the annual Competitive Solicitation Process (CSP) has not been demonstrated as competitive, an issue that should be addressed given the trend of the awards for the annual CSP. As noted earlier, SCE does not have an objection to the existing process of the monthly CSP. It is the annual CSP that requires a market power mitigation test, which if failed, should have the CAISO defaulting to the Reliability Must Run (RMR) mechanism for a needed resource.

During the 6/17 stakeholder call, Calpine had asked to opine on compensating resources for their full cost of service. SCE has maintained the position that resources should be allowed to recover their full cost of service contingent on the resource providing the full benefit of service to ratepayers. The full benefit of service should not be restricted by Resource Adequacy (RA) or any such paradigm. It is unambiguously incorrect to apply any restrictions toward ratepayers realizing the full benefit of a resource while having them pay for the full cost of the resource. The resource should be available completely for capacity and for energy, such as in a tolling agreement. In such a case, SCE supports a resource recovering its full cost of service.

Finally, SCE supports the California Public Utilities Commission (CPUC) request to credit any Effective Flexible Capacity (EFC) attributes from annual CPMs to Load Serving Entities (LSE).

---

<sup>1</sup> <http://www.caiso.com/Documents/IssuePaper-CapacityProcurementMechanismSoft-OfferCap.pdf>

<sup>2</sup> ER19-1641