Comments of Southern California Edison Company on Standard Capacity Product II Revised Draft Final Proposal

Submitted by	Company	Date Submitted
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Southern California Edison Company ("SCE") has reviewed the California Independent System Operator's ("CAISO") Standard Capacity Product ("SCP") II Revised Draft Final Proposal, dated April 6, 2010 ("Draft Final Proposal"). SCE generally supports the provisions of the Draft Final Proposal. SCE, however, believes that the CAISO should address other aspects of SCP II required to properly implement it. These issues will only be magnified once the additional SCP II resources are included. Thus, SCE urges the CAISO to establish a stakeholder process to more fully consider any issues with SCP that market participants have identified since SCP was implemented on January 1, 2010.

Below is an outline of the significant issues SCE has identified:

- The current CAISO outage management system ("Scheduling and Logging for the ISO of California" or "SLIC") is inadequate and must be enhanced in order to accommodate the significant additional volume of outage data required as a result of incorporating wind, solar and non-dispatchable Qualified Facility (QF) resources into SCP. For example, SLIC cannot track SCP-related data at the resource child level, only at the Global Resource ID (aggregated) level.
- SLIC currently cannot effectively administrate transitions from "forced" to "scheduled" outages. Therefore, using SLIC as the single tool for both SCP business purposes (converting forced outages to planned in order to minimize non-availability charges) and as the source for the North American Electricity Reliability Corporation Generating Availability Data System ("NERC GADS") outage reporting is not practical, and creates obstacles to meeting compliance obligations.
- The current Resource Adequacy ("RA") substitution process lacks flexibility. Although a Scheduling Coordinator ("SC") can use capacity from multiple units to substitute for a single unit on a forced outage, a single unit cannot be used to substitute for multiple smaller units on forced outages. This effectively results in stranded capacity that cannot be used for other substitutions and, as a result, can increase costs to ratepayers.

- Definitions applied to the SLIC outage flags do not address certain frequent scenarios (*e.g.*, debris in water for hydro resources) that are not the result of poor maintenance or other practices within the plant operator's control. These scenarios should be accommodated in the outage definitions used in SLIC, and also treated in a manner similar to generation derates caused by transmission outages, not classified as forced outages.
- Units on planned outage are eligible for incentive payments. This is inconsistent with the spirit of SCP incentives, which was intended to encourage and reward availability beyond monthly baseline expectations.

Because of the number and magnitude of issues that continue to manifest themselves in the SCP program, SCE believes it is imperative for the CAISO to immediately establish a stakeholder process to resolve these and any other issues that may arise from incorporation of the SCP II resources.