

**Comments of Southern California Edison Company on
Standard Capacity Product Amendment Filing 4th Replacement CAISO Tariff**

Submitted by	Company	Date Submitted
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Southern California Edison Company (“SCE”) provides these comments on the California Independent System Operator’s (“CAISO’s”) Standard Capacity Product (“SCP”) Amendment Filing 4th Replacement CAISO Tariff (“SCP Tariff Amendment”), issued April 9, 2009. SCE appreciates this opportunity to review the draft language of the SCP Tariff Amendment and supports the draft language as representative of the SCP proposal approved by the CAISO Board on March 26, 2009. SCE, however, seeks the following clarifications:

- The Ancillary Services Must Offer Obligation (“A/S MOO”) should explicitly extend to dispatchable use-limited resources.
- The CAISO should clarify that a forced outage that results in the CAISO having to invoke backstop procurement should not be converted to a “scheduled” outage after 72 hours, but should continue to count as a forced outage.

I. A/S MOO for Dispatchable Use-Limited Resources

In the 2nd Draft Final Proposal of the Standard Resource Adequacy Capacity Product that was the subject of CAISO Board review and ultimate approval, the proposal made clear that with respect to use-limited resources, only “Non-Dispatchable Use Limited RA Resources will be exempted from the DAM AS must-offer requirement.”¹

SCE, however, does not believe that the proposed SCP Tariff Amendment language clearly indicates that dispatchable use-limited resources have an obligation to offer A/S bids along with their energy bids in the Day-Ahead Market. Thus, SCE proposes the following tariff language modifications to section 40.6.4.3.1 to ensure that dispatchable

¹ CAISO 2nd Draft Final Proposal Standard Resource Adequacy Capacity Product, February 27, 2009, at 9.

use-limited resources provide A/S offers along with their energy offers for those A/S services they are certified to provide:

40.6.4.3.1 Non-Hydro and Dispatchable Use-Limited Resources.
Use-Limited Resources, other than those subject to the provisions of 40.6.4.3.2, must submit (a) Bids and/or Self-Schedules for Energy for their Resource Adequacy capacity into the IFM whenever the Resources are physically capable of operating in accordance with their operating criteria, including environmental or other regulatory requirements; and (b) Bids and/or a Submission to Self-Provide Ancillary Services for their Resource Adequacy capacity, for each Ancillary Service for which the resource is certified, into the IFM whenever the Resources are physically capable of providing Ancillary Services in accordance with their operating criteria, including environmental or other regulatory requirements. ~~a Supply Bid or Self-Schedule for their Resource Adequacy Capacity in the Day Ahead Market whenever the Use-Limited Resources are physically capable of operating in accordance with their operating criteria, including environmental or other regulatory requirements.~~

II. Forced Outages

In its March 6, 2009 comments regarding the SCP proposal, SCE urged the CAISO “to include a provision stating that a forced outage that would otherwise convert to a scheduled outage after 72 hours will remain a forced outage *if the outage causes the CAISO to incur backstop procurement costs.*”² In those same comments, SCE set forth its rationale for such a provision:

Units on a forced outage when sufficient excess capacity is available during non-peak months can and should be converted to a scheduled outage after 72 hours to avoid additional non-availability charges. However, during peak months, when the lack of capacity due to a forced outage causes the CAISO to invoke its backstop procurement mechanism, it would be unfair to shift that cost burden to the market at large. Instead, the unit should be required to maintain its forced outage status until the unit is again operational. The unit owner would still have the option of substituting another unit to avoid further non-availability charges beyond the first 72 hours after the unit is forced out of service.³

² “Comments of Southern California Edison Company on CAISO 2nd Draft Final Proposal - Standard Resource Adequacy Capacity Product,” March 6, 2009, at 6 (emphasis in original).

³ *Id.*

SCE reiterates these comments and believes such a provision is necessary to ensure that generator owners are provided with the proper incentive to ensure the maintenance of their units and avoid forced outages that unfairly shift costs to the market that should be absorbed solely by the generator owner as an unavailability charge. For the CAISO to convert a forced outage that may last for several weeks or months to a scheduled outage after just 72 hours, unfairly minimizes the penalty that should be required of the generator owner and shifts costs onto the market at large through backstop procurement. This should not be permitted. Thus, SCE recommends that the CAISO maintain the proper incentives by adopting the following language:

9.3.3 Requests for Outages in Real-Time Operation.

Requests for Outages of: (i) facilities that comprise the CAISO Controlled Grid or (ii) Generating Units of Participating Generators in Real-Time operation shall be made by the Operator to the CAISO Control Center. The CAISO will not approve any Outage request made within seventy-two (72) hours of the requested Outage start time unless: (i) the requested Outage could not have been reasonably foreseen and scheduled through the Outage coordination process provided in Section 9.3; ~~and~~ (ii) the requested Outage will not compromise CAISO Controlled Grid reliability; and (iii) the outage does not require the CAISO to implement backstop procurement measures to replace the capacity.

III. Conclusion

SCE appreciates this opportunity to file comments and supports the draft language of the SCP Tariff Amendment subject to the additional clarifications described above.