Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Calpine appreciates the opportunity to comment on the ISO Straw Proposal ("SP") for the Temporary Shutdown of Resource Operations ("TSRO"). We support the continued development of an option to shut down an otherwise uneconomic resource, pending resource-owner decisions on asset disposition.

This proposal overlaps and may supersede similar efforts to modify the Generation Management BPM to allow a "mothballing" of resources and related consequences to deliverability. As we described in (late) comments in that PRR proceeding, we believe that changes in operational requirements for resources should be – as they are here – included in revisions to the tariff, and not merely processed through revisions to the BPMs. In addition, the conditions for deliverability retention, allocation and transfer are pending in FERC NOPR RM17-8-000. We ask that the CAISO include an acknowledgement of this NOPR in the next draft of the TSRO.

Finally, Calpine conditions its support of this proposal on maintaining the voluntary nature of the TSRO designation and that the tariff and its related contracts continue to allow each resource the unilateral right to terminate the relevant PGA or remove units from the attached PGA Schedule 1.

1. Who is eligible?

Comments:

Any resource should be able to submit a request for a temporary shutdown during a period in which it is not contracted as RA, CPM or RMR. A unit under a current, but expiring contract should not be prohibited from seeking a future shutdown.

2. Whether the CAISO may allow a Participating Generator to temporarily shut down operation of its Generating Unit for economic reasons.

Comments:

Yes. The CAISO should allow uneconomic units to shut down, as long as doing so does not create reliability concerns. An uneconomic outage should relieve the generator of any requirement to respond to Dispatch Orders and leave the operational status to the discretion of the asset owner. That is, the owner may decide to redeploy staff and make operational and/or physical modifications that "preserve and protect" the resource for future operation. Alternatively, the owner might choose to maintain the unit in a state of readiness – allowing the resource to quickly cancel the outage and return to service. The point here is that while on shutdown, operational discretion rests with the resource owner, and not with CAISO.

3. The conditions under which the CAISO may grant a request for temporary shutdown.

Comments:

Simply put, a shutdown request should be granted if withdrawal of the resource does not create unacceptable reliability concerns.

4. Reliability Studies.

Comments:

Calpine believes that the ISO – or transmission owners – are in the best position to establish NERC and WECC reliability criteria and to perform requisite studies. However, the studies and the requirements should be no less stringent than the Local Capacity Requirements studies.

5. The form of compensation, if any, that the CAISO would provide the Participating Generator if the CAISO denies the Participating Generator's request to take the Generating Unit out of service for a temporary shutdown.

Comments:

As we have stated previously, if a resource is denied a TSRO, we support compensation at the CPM soft-cap price (or higher price if approved by FERC). In addition, compensation must be based on the whole unit, not established solely on the reliability need. That is, if a 500 MW unit seeks a shutdown, but the reliability need is only for 100 MW, the whole unit must be compensated, as the costs of the whole unit are needed to meet the incremental need.

Also, since participation in the CSP bidding process is voluntary, Calpine supports the absence of any requirement to participate in CSP in order to be compensated for a denied shutdown request.

6. The CAISO may want to establish a limit on the minimum amount of time that a Generating Unit can shut down its operations, and perhaps a maximum amount of time.

Comments:

Calpine understands the need for a minimum shutdown term – if for no other reason, to overcome the transactional barrier of performing studies and evaluating reliability need. We are not yet convinced that a 4 month maximum duration is necessary or efficient. Units that would seek to operate only seasonally (e.g., July-September) would be forced to seek two outages, doubling the work of all parties. Further, it is impractical and costly to force units that take physical and personnel actions to facilitate mothballing, to expend costs to prepare the unit for such a status and then be required to seek successive 4 month terms to allow the asset to remain mothballed.

The PRR for Generation Management suggests that unbounded mothballing can occur (with controversial provisions for deliverability confiscation). We do not see any need for TSRO to be limited to just 4 months.

7. The CAISO will need to establish a specific timeline for requesting shutdown of operations allowing for appropriate operations planning time and notification of approval and denial.

Comments:

Calpine agrees that a definitive timeline for submitting, evaluating and notification of a shutdown request is necessary for rational business planning.

8. Is there a level of "return-ability" that would need to be maintained while the Generating Unit is in shutdown status?

Comments:

As stated above, while on shutdown, the resource owner should have the discretion to make any and all operational decisions, including physical modifications to the units. While Calpine would not object to a "best-efforts" requirement to return to service in extreme, emergency conditions, a *continuous obligation* to maintain readiness to return in 10 business days – or even 30 days as proposed in the BPM PRR – defeats the cost-saving purpose and intent of a suspension of operations. In fact, all the costs of continued operations (staffing, procurement, fuel arrangements, equipment readiness preparations, etc.) would have to be maintained – contributing further to the economic distress of the resource without any compensation. Were a resource headed into a major maintenance cycle, the resource owner would be forced to consider whether it was required to perform uncompensated major maintenance – to invest capital with no reasonable expectation of recovering such investment. As we have previously suggested, the obligation to maintain readiness is an uncompensated option on the capacity of the unit.

9. If a Participating Generator has temporarily shut down operations of its Generating Unit, would it be eligible to be used as a RA resource in a RA showing for that period?

Comments:

Not generally. However, a unit currently on a shutdown can submit an RA showing (e.g., 45 days in advance) for a future period under which the shutdown no longer

applies – either through its normal expiration of through a cancellation by the resource owner / SC.

10. If a Generating Unit has shut down operations in one BAA and is now operating in an adjacent BAA, would it be eligible to be counted as a RA resource in the BAA for which it has shut down its operations?

Comments:

No.

11. Other Comments

Please provide any additional comments not associated with the topics listed above.

Comments:

Thanks for the productive modifications proposed in this Issue Paper.