

Commitment Cost Enhancements Phase 2

Revised Straw Proposal

Dated: Dec 22, 2014
Comments Submitted: January 14, 2015

Summary:

Calpine has previously commented on most aspects of the CCEP2 proposals. As such, instead of repeating our arguments, we summarize our review and comments on the changes in this Straw Proposal in the following bullet points:

- We support the development of opportunity costs and the inclusion of those costs in both commitment decisions and in mitigated energy bids.
- The inclusion of opportunity costs should allow the ISO to require ALL units to offer their capacity in all hours.
- We understand the complexity of calculating those costs and believe that the CAISO should calculate a default opportunity cost, but allow generators to submit alternatives.
- We support the use of futures prices for natural gas rather than historic costs.
- We support the clarifications and BPM changes regarding transition costs. The revisions seem to make the inputs, calculations and use of transition costs much more transparent.
- We do not believe that a detailed review of O&M cost has been supported or is necessary. Doing so diverts valuable ISO resources to other, more important issues.
- We strongly support the creation of default, or safe-harbor estimates of major maintenance adders. Doing so allows us to avoid the thorny issues of confidentiality with both our vendors and our tolled off-take customers.

Thanks

1/14/2015