

2017 Stakeholder Catalog

Initial Draft

Dated: September 15, 2016
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Summary:

Calpine offers only one comment, which suggests a new initiative to be reviewed through a stakeholder process. Specifically, Calpine seeks to modify BPMs and if necessary the tariff, to provide an initial and timely preliminary determination of reliability need for a unit at risk of retirement.

New Initiative – Preliminary Determination of CPM / RMR Reliability Need

The current tariff contains processes and timelines for CAISO consideration of either an RMR or CPM designation for a unit that may be needed for reliability, but is at risk of retirement. As described below, the processes provide an unreasonably short notice period for resources to plan and manage its reliability obligation. In fact, it appears that resources may not know of their reliability obligations (if any) until days before – or even after -- the date it wishes to retire. Calpine suggests that the ISO consider an early and conditional determination of reliability need that occurs shortly after the submission of a notice of PGA termination or removal of a resource from a PGA schedule.

The following is a high-level summary of the timing of CPM and RMR designations:

CPM: Section 43A.2.6 of the tariff includes the process of requesting, evaluating and ultimately, designating resources that are “at risk of retirement during the current RA Compliance Year¹ and that will be needed for reliability by the end of the calendar year following the current RA Compliance Year.” Importantly, the tariff holds that a CPM designation will not be made “until all other available procurement measures have failed to procure the resources”. One might reasonably anticipate that these rules will defer CPM designation until the day of, or even after the announced day of retirement.

¹ The CASIO does not, however, require that the resource wait until RA contracts expire before beginning the CPM process – as explicitly stated in its response to the La Paloma complaint.

RMR: Section 41 of the tariff describes the broad discretion granted to the CAISO allowing it to designate a unit under RMR at any time. However, in operation, the ISO generally proposes a set of RMR units in the 4th quarter of every year and the ISO Board generally approves the proposed units just weeks or days before the next RA Compliance Year.

Unworkable Timeframes and Dangerous Brinksmanship

A unit that seeks to retire is confronting significant challenges regarding regulatory matters, human resources, permitting and major maintenance expenditures. In some cases, decommissioning plans must be submitted to regulatory authorities, personnel must be notified of options for relocation or termination, and permitting agencies must be satisfied that compliance will be maintained. These processes take months or years and cannot necessarily be reversed upon the short notice provided by either CPM or common RMR designations.

In fact, a unit that is slated for retirement likely will have personnel attrition, and would reasonably not invest in maintenance targeting future years of availability. These degradations cannot be remedied in the days or weeks of notice provided by CPM or RMR. In this regard, the ISO process unwisely creates reliability brinksmanship. Specifically, the CPM process may prove so unworkable and untimely that parties seeking to retire will choose to avoid CPM designation.

LCR Studies are Helpful but Insufficient

Most local areas and even many sub-areas are oversupplied, leaving even Local Resources no assurance of continued operation. But in fact, the CAISO may have information that would identify either a preferred set, or a critical set of resources within a Local Area. It may include very granular technical information (future outages, transmission maintenance, system operating limits, etc.) generally not considered in LCR studies.

Preliminary Designation of Reliability Need

Calpine proposes that the CAISO consider refinements to the CPM or RMR processes which provide a public and preliminary notice of reliability need within 30 days of the submission of a PGA termination notice. This preliminary notice can include appropriate caveats and conditions, but will be sufficient to notify the market of likely backstop procurement if the conditions are not met. Importantly, it would provide the resource with valuable and necessary information upon which it can make informed decisions on its operation and maintenance.

Thank You

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