

**JOINT COMMENTS OF THE CALIFORNIA WIND ENERGY ASSOCIATION
AND THE LARGE-SCALE SOLAR ASSOCIATION
ON CAISO STANDARD CAPACITY PRODUCT II REVISED DRAFT FINAL PROPOSAL**

The California Wind Energy Association (CalWEA) and the Large-scale Solar Association (LSA) offer these joint comments on the proposals in the April 6th CAISO paper, **“Standard Capacity Product Revised Draft Final Proposal”** (“Proposal”).

The Proposal is the latest version of the Resource Adequacy (RA) Standard Capacity Product (SCP) II initiative, through which the CAISO intends to propose revoking the current exemption of generation resources whose Resource Adequacy (RA) Qualifying Capacity (QC) is based on historical output (intermittent resources (wind and solar) and Combined Heat and Power (CHP)) from RA SCP availability charges and payments.

The Proposal would add the energy-based availability metric from the recent CAISO “options” paper to the capacity-based metric in the prior version. This would base RA SCP application of availability charges and payments to intermittent resources on the difference between their NQC and resource availability, with the latter measured as the greater of:

- **Available MW capacity**, based on forced outages reported through the CAISO SLIC electronic-outage-reporting system, de-rated by the ratio of their NQC to their maximum capacity. Thus, for example, a 100 MW intermittent with an 80 MW NQC that reported 90 MW of capacity available would have 72 MW availability metric (90 MW x 80/100). This resource would have a 90 MW availability metric if it were a non-intermittent resource, i.e., this de-rate of available capacity is only proposed for intermittent resources.
- **Real-time energy production.**

Thus, for example, the aforementioned 100 MW resource would have an overall RA SCP availability metric of:

- **80 MW**, if it produced 80 MWh in the hour (greater of the 72 MW capacity-based metric and the 80 MW energy-based metric); and
- **72 MW**, if it produced 50 MWh in the hour (greater of the 72 MW capacity-based metric and the 50 MW energy-based metric).

The Proposal would also remove the recently-added element that would have transferred responsibility for procuring replacement capacity for RA Resources on planned outages from Load-Serving Entities (LSEs) to suppliers, for all generation types.

Summary of comments: We fully support the CAISO’s decision to remove the late-added proposal on replacement capacity.

However, the latest CAISO proposal on intermittent-resource availability metrics, while less flawed than the last version, is still flawed, i.e. it would:

- **Penalize intermittent resources a second time for any availability problems**, in addition to the strong availability incentives/penalties in virtually all their Power-Purchase Agreements (PPAs), which uniformly feature energy-only payments, minimum performance guarantees, and often explicit penalties for lack of equipment availability;
- **Penalize intermittent resources a second time for being intermittent**, under the capacity-based metric – their QCs were de-rated initially through the RA counting rules, and the Proposal would de-rate their available capacity as well;

- ***Fail to consider legitimate factors that could reduce real-time energy production,*** under the energy-based metric – e.g., forward or real-time CAISO transmission/operating constraints, and/or economic bids offered by the resource (which should be encouraged, not discouraged, by the CAISO) and accepted by the CAISO;
- ***Fail to consider or address the mismatch between the hours*** used by the CAISO to determine RA SCP availability payments/charges and those used by the CPUC to determine RA Qualifying Capacity (QC) – both are intended to reflect the hours of highest system need, and it makes no sense for them to be different;
- ***Fail to consider the additional outage-based exposure to RA SCP availability charges*** from the CAISO’s more-stringent outage-reporting requirements for intermittent resources through the SLIC system – while footnote 9 on p.8 of the Proposal states that the CAISO will “ensure that all RA resources forced outages are tracked at the same level,” the Proposal includes no provisions for doing that; and
- ***Fail to consider actual contract provisions for intermittent-resource PPAs*** executed since June 28th, 2009 (when RA SCP availability payment/charges became applicable to non-intermittent resources). Parties actually in the market obviously did not anticipate the CAISO’s unknown-at-the-time proposals here, since the key provisions of those contracts have not changed at all to consider them; even now, FERC could still reject the CAISO’s proposals or modify them significantly, and it is unfair for the CAISO to expect contract parties to guess..

Summary of recommendations: The CAISO should do the following instead:

- **Availability determination for intermittent resources**
 - **Acknowledge that application of the RA SCP availability charges and payments provisions to intermittent resources is not needed**, given all the other high-availability incentives that already exist; or
 - **Alternatively, if the CAISO persists in applying the RA SCP availability charges and payments provisions to intermittent resources, it should:**
 - **Apply those provisions to intermittent resources in the same manner as other resources**, consistent with the CAISO’s consistency and “tradability” arguments; or
 - **Alternatively, if the CAISO persists in applying the different availability metrics in the Proposal to intermittent resources, it should:**
 - Correct the capacity-based metric to include only forced outages that would have been reported through the SLIC system by non-intermittent resources; and
 - Correct the energy-based metric to exclude the impacts of these factors that could restrict intermittent-resource energy production regardless of availability: (1) forward or real-time transmission or operating constraints; and/or (2) economic bids offered by the resource.
- **Exemption (grandfathering) provisions**
 - Exempt contracts with energy-only payments and minimum production guarantees.
 - Alternatively, if the CAISO persists in applying the RA SCP availability charges/payments to such contracts generally, exempt those executed before the effective date of these provisions, consistent with the CAISO’s prior RA SCP grandfathering arguments.