

## Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your written comments on the stakeholder initiative  
“Temporary Suspension of Resource Operations.”

Submit comments to [InitiativeComments@CAISO.com](mailto:InitiativeComments@CAISO.com)

**Comments are due May 30, 2017 by 5:00pm**

The Issue Paper posted on May 10, 2017 and the presentations discussed during the May 19, 2017 stakeholder conference call can be found on the [TSRO Website](#).

Please use this template to provide your written comments on the issue paper topics listed below and any additional comments that you wish to provide.

### 1. Scope of Initiative

Please provide any comments on the scope of this initiative.

#### **Comments:**

At the Stakeholder process on May 19, 2017, the CAISO explained that this initiative is aimed at exploring situations in which the CAISO may allow a Participating Generator to temporarily

suspend operation for economic reasons and the conditions under which the request would be granted. The CAISO has also asserted that the scope of the initiative would be limited.

However, as stakeholders pointed out during the May 19 webinar, this initiative overlaps other CAISO initiatives such as the Risk of Retirement Capacity Procurement Mechanism (CPM), which the CAISO has recently embarked upon as well as its ongoing stakeholder process for Flexible Resource Adequacy Criteria and Must Offer Obligation Phase-2 (FRACMOO-2). It is also not clear how this initiative overlaps and interacts with the California Public Utilities Commission's (CPUC's) Resource Adequacy (RA) proceeding which, in collaboration with FRACMOO, analyzes the reliability of the electric grid and determines its local, system, and flexible capacity needs.

In its Issue Paper on the topic dated May 10, 2017, as well as its presentation from the May 19 webinar, the CAISO has identified seven issues to be considered in this initiative:

- (1) Whether suspension of operations should be allowed for economic reasons and what the conditions should be.
- (2) Whether compensation should be paid.
- (3) Any time limit for suspension. For example, a limit on the minimum and maximum amount of time a generator can suspend operations. This time limit might be tied to the next RA procurement cycle and whether the generator would need to reapply for suspension.
- (4) The timeline for application for suspension.
- (5) Level of "returnability" of the unit, e.g., whether a skeleton crew would be maintained at the site or a specified number of days to return to service
- (6) RA treatment: If a unit has suspended operation, it should not be eligible for RA during suspension.
- (7) RA Treatment (switching): If the unit is operating in an adjacent Balancing Area (BA) during suspension, it should not be counted as an RA resource in the BA in which it has suspended operation.

CLECA notes that the outlined scope excludes an important issue, namely *how* the need for economic suspension of the unit would be determined. The CAISO's Business Practice Manual (BPM) for Generator Management outlines existing processes for a unit to suspend its operations. The applicable conditions include situations in which a unit is actively engaged in construction of replacement generation within three years of retiring to retain its deliverability status or situations in which a unit is being permanently retired. However, the proposed new process for Suspension of Operations would allow a unit's request to suspend operations for economic reasons. In other words, the CAISO would have to believe that the unit would be

needed in future years for reliability and therefore would need to maintain the unit's deliverability status.

Several questions arise with regard to the proposed scope of the initiative. It is not clear, for example, that in the current market a generator would consent to maintain a degree of availability without some form of compensation, rather than retiring. The ratepayers would thus end up paying for the capacity to be retained in suspended form. Therefore, it is important for the CAISO to demonstrate that the unit would be needed for flexible, local, or system capacity in the future. If the CAISO wishes to pursue this initiative, the analysis of need must be at the top of the list of issues identified by the CAISO.

## 2. Identified Issues

Please provide any comments on the issues that have been identified thus far in the initiative, including whether there are other issues that you would like to identify.

### Comments:

As mentioned above, the establishment of need for suspended capacity must be studied before other considerations are addressed. In support of this initiative, the CAISO has quoted a single example, namely the complaint of La Paloma Generating Company to FERC after the CAISO denied its request for an economic, multi-month outage of several units which were not under RA contracts. The FERC denied La Paloma's request because the CAISO's tariffs only allowed for physical, and not economic, outages.

CLECA is not clear how many such situations have arisen and what the likelihood is that in the future, additional, similar requests will be made.

In addition, it will be important to determine what basis for payments to non-RA units, if any, should be used. It is also not clear how this initiative can be distinguished from the Risk of Retirement CPM initiative that the CAISO has undertaken at the same time. If a unit requests a suspension on the basis of economics, wouldn't it then be at the risk of retirement if its request is not granted? What then would distinguish the authorization for Suspension of Operations from authorization for Risk of Retirement CPM? Or would the former precede the latter?

The other important issue not addressed in the list above is the overlap of this initiative with the RA program, particularly with regard to the timeline. The CAISO has run into serious problems with coordinating the timeline of its Risk of Retirement CPM initiative with the RA program. It is likely that when the timeline and time limits are explored in this initiative, similar problems will arise.

There are also other important issues with regard to the timeline. During the webinar, the CAISO explained for example that the outage requests are studied on a first-come first-served basis. It is not clear therefore how the CAISO will prioritize the most efficient, flexible, and least cost capacity over other, similar plants that might request suspensions.

### 3. Other Comments

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

#### **Comments:**

CLECA recommends a holistic approach to determining future need for generation capacity. It is our observation that the CAISO's latest initiatives such as the Risk of Retirement CPM and the Suspension of Operations aim at retaining fossil fuel capacity in an extra-regulatory manner by bypassing regulatory processes established by state law, specifically the CPUC's RA process. With the anticipated retirement of Once-Through-Cooling plants in the next few years and increasing amounts of intermittent renewable resources, California may well experience increased need for economic flexible and local capacity in the long term. However, the CPUC's Integrated Resource Planning (IRP) proceeding is expected to develop a long-term resource plan accounting for such future changes. The IRP might also outline California's resource planning needs in the medium term. In fact, the CAISO itself has quoted the IRP proceeding as a justification for not developing a durable flexible capacity product, which stakeholders have been awaiting for the last few years. CLECA therefore recommends that in the meantime, the CAISO should only seek retention fossil resources once it has determined the need for attributes the resources can provide.

CLECA notes that the CEC and the CPUC recently held a joint workshop on the subject of the risk of retirement of power plants. CLECA recommends that the CAISO should work with these agencies to develop long term solutions to these challenges.

We also note that while we were in the process of finalizing and submitting these comments, the CAISO sent out a market notice proposing changes to its BPM on Generator Management that are directly related to this stakeholder process. We have not had time to review the changes the CAISO has issued and must thus reserve judgment on them.