

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 Shutdown of Resource Operations.”

Submit comments to InitiativeComments@CAISO.com

Comments are due July 13, 2017 by 5:00pm

The Straw Proposal posted on June 21, 2017 and the presentations discussed during the June 28, 2017 stakeholder conference call can be found on the [TSRO Website](#).

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

Energy Division staff appreciates the opportunity to comment on the straw proposal and offers a few comments upfront before answer the specific questions identified below.

- Proposed Tariff Language: Energy Division staff recommends that CAISO include in its revised straw proposal its proposed tariff amendments and include these proposed tariff amendments with the proposal brought to the Board. In the past, CAISO and stakeholders have spent considerable time discussing the tariff changes and whether these are consistent with the Board approved proposal and the entire process would be more efficient and transparent if the proposal and the proposed tariff amendments were developed in tandem, rather than sequentially.

- Additional Details Required: As discussed further below, Energy Division staff believes many additional details need to be specified. For example,
 - If a shutdown request is granted, is a generator obligated to shut down?
 - If so, must a generator shut down for the entire duration of the request?
 - If not, and a generator returns to operation, can they shutdown again during the designated timeframe?
 - How will the costs be allocated (e.g., will there be different allocations for system, flexible and local needs and will these needs be defined in this manner)?
 - Do other jurisdictions allow temporary shutdowns – why or why not?
 - Does a generator need to prove that it is uneconomic to operate—why or why not?

1. Who is eligible?

Comments:

Energy Division staff recommends that CAISO clarify whether partial units are eligible to temporarily shut-down operations and explain how this would be consistent with the rationale that costs to operate plants are largely fixed. In its draft paper, CAISO states, “The CAISO agrees that treatment of partial-resources should be part of the scope.” However, it is often argued that the costs of operating a plant are largely fixed – thus, how would allowing one portion of the plant to shut down save the money for a generator on its fixed costs?

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

Comments:

Energy Division staff requests that CAISO clarify what it means to shut down for “economic reasons” and whether there is any burden on the generator to demonstrate that it is uneconomic to operate. In other words, how would the CAISO evaluate the difference between a resource that is truly uneconomic and one that is engaging in sanctioned withholding?

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

Comments:

In its straw proposal, CAISO states its belief that it would rarely prevent a generator from shutting down for a short period of time. (“It is expected that such denials would be rare.”) Energy Division staff recommends that CAISO consider what would happen if large amounts of

non-RA resources requested permission to temporarily shut-down in the same timeframe and whether it anticipates that it would allow large amounts of resources to do so. If not, how will the CAISO determine when this threshold would be crossed?

4. Reliability Studies.

Comments:

Energy Division recommends that CAISO provide additional details on its reliability studies. For example, CAISO states that “in conducting the analysis, expected load forecast as well as previously approved transmission and generation outages will be considered as part of the default study assumptions and system topology.” ED staff has the following questions:

- What load forecast will be used – the IERP 1-in-2 forecast? If not, please explain what forecast will be used?
- What import assumptions will be used – MIC? If not, what forecast will be used?
- Will CAISO include both planned and forced outages?

With respect to outages, ED staff requests that CAISO explain if it would ever cover planned outages (without replacement) with this mechanism and how that would not result in duplicative costs for ratepayers. Likewise, would CAISO ever cover forced outages with this mechanism and why should those not be covered with the existing CPM mechanism that allows for the selection of the least expensive resources that best cover the forced outage?

In addition, CAISO states that its Local RA Analysis will “ensure the LCR procurement target will serve as baseline while an updated system topology that reflects all approved and forced transmission and generation outages to date, as well as expected load forecast will be used to validate the LCR procurement targets ability to ensure system security.” ED staff requests that CAISO explain what it means by expected load forecast and how this might change the LCR procurement. For example, if the 1-in-10 is 10,000 MW, but CAISO is evaluating a winter month with a 7,000 MW load, does this mean it would consider a lower LCR requirement? If so, please explain.

Finally, CAISO states that “In addition to the TSRO Reliability Analysis and the TSRO Local RA Analysis, the CAISO will also conduct a TSRC System RA check to ensure the TSRO application does not reduce available System RA capacity below the monthly System RA requirements.” Energy Division staff requests clarification on how DR is taken into consideration in this system analysis.

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:

In its proposal, CAISO indicates that it will use the CPM mechanism, but also states that “The resource will not be required to have offered into the CPM CSP to be eligible to receive a CPM payment for a denied request.” Energy Division staff requests that CAISO explain why participation in the CPM CSP is not mandatory.

In addition, Energy Division staff recommends that CAISO discuss not just the compensation, but also the allocation of these costs. For a system or flexible resource deficiency, ED staff assumes that the costs would be allocated across the entire CAISO service territory, whereas a local deficiency would be allocated to the applicable TAC area. CAISO should discuss and clarify the allocation of any CPM costs that arise from this new mechanism.

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:

No comment at this time.

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:

CAISO has indicated that it would require generators to submit their requests 60 days in advance of the applicable month and notify generators “no less than eight days prior to the requested effective date of the shutdown.” Energy Division staff requests that CAISO clarify how much time generators have to accept or decline a TSRO award. It would seem to be important to know if generators will actually shut down. For example, what would happen if 6 generators requested a TSRO and CAISO approved the first 5 and granted a CPM to the 6th, but the first 5 chose not to shut down or returned to service during the timeframe in question (if return to service during the shutdown period is permitted – see request for clarification of this question in our general comments above).

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

Comments:

In its straw proposal, CAISO states that it would include a provision “where a resource could be called back into service early if there is an emergency on the grid” and would “give the resource owner 10 business days to come back into operation,” with a CPM payment. Energy Division staff recommends that CAISO clarify what constitutes an “emergency.” Would this include an expected heatwave, expected high loads, or an unanticipated / emergency forced outage? In general, how does CAISO expect to be able to predict an “emergency” 10 days in advance?

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:

Energy Division staff agrees that a resource that is shut down should not be able to qualify as RA.

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:

We have no comment at this time.

11. Other Comments

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

Comments:

In the straw proposal, CAISO states that in addition to changing the tariff to “make it permissible for this new type of temporary shutdown outage to be reported through the CAISO’s outage management system,” that it also intends to “reinforce its current tariff language regarding the general need for outages reported through the outage management to be for physical reasons.” Energy Division staff request that CAISO provide its proposal for reinforcing its current tariff language.

Also, in its straw proposal, CAISO states that, “The CEC has no policy on electric generation operation standards or the action of mothballing or permanently retiring a generator, although the CEC refers to the CPUC for maintenance standards and CPUC General Order 167”.

However, in Calpine’s letter to the CAISO regarding some of its peakers, it stated that it would submit a closure plan to the CEC and that “Approval of this closure plan is required to satisfy its CEC licensing requirements prior to the commencement of decommissioning activities.”

Therefore, Energy Division staff recommends that CAISO update this section to reflect the CEC closure plan requirements, to the extent applicable.