

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

**CAISO Standard Capacity Product Amendment Filing 4<sup>th</sup> Replacement CAISO  
Tariff****CPUC STAFF COMMENTS  
April 15th, 2009****Performance Metrics**

The CPUC staff appreciates the opportunity to comment on the CAISO's Standard Capacity Product (SCP) draft tariff language. CPUC staff has been an active participant in the CAISO's SCP stakeholder process and commends the CAISO staff's efforts to produce this draft tariff language under a constrained timeframe.

The CPUC staff supports the CAISO's efforts to provide, via the SCP, mechanisms to ensure grid operation and the enforcement mechanisms that aid that goal. CPUC staff recognizes that availability metrics and enforcement mechanisms that facilitate short term reliability are a useful tool for integrating the CPUC's long term Resource Adequacy (RA) efforts with the CAISO's short term grid reliability and operation obligations by taking advantage of synergies when and where appropriate. As such, the CAISO's SCP presents an opportunity to ensure there is a tight seal between the two programs. This type of coordination is consistent with the Commission's decisions in R.05-12-013, the Commission's ongoing RA proceeding.

In these comments the CPUC staff specifically addresses the subject of load following Metered Sub-Systems (MSS) treatment in the SCP. There are two aspects to the CPUC staff's concern:

- 1) The distinct treatment relative to credits and charges for performance of load following MSS and other unique load-serving entities may create unnecessary complications between the CAISO's short term reliability obligations and the CPUC's long term Resource Adequacy efforts. Specifically, the MSS Resource Adequacy capacity could be construed as a different product than ordinary System or Local Resource Adequacy capacity because it is subject to a different penalty. The goal of the Standard Capacity Product process is to minimize the variability in Resource Adequacy Capacity products. Separate treatment of MSS capacity is therefore contrary to the goal of this effort. The CPUC staff is not convinced that the different circumstances attributable to MSSs warrant the de facto creation of a separate capacity product.

2) Public Utilities Code, Section 380 provides that “[t]he [C]ommission shall implement and enforce the resource adequacy requirements . . . in a nondiscriminatory manner. Each load-serving entity shall be subject to the same requirements for resource adequacy . . .” Accordingly, the CPUC is currently considering within Track 3 of CPUC Rulemaking 05-12-013 how to apply Resource Adequacy Requirements to Small and Multi-jurisdictional Load Serving Entities. CPUC staff understands that there is some overlap between Small and Multi-jurisdictional Load Serving Entities and MSSs to be addressed by the CAISO tariff. However, by selectively enforcing credits and charges upon certain classes of entities (generators serving load following MSS) and not upon others, CPUC staff is concerned that the CAISO may be effectively pre-judging the CPUC’s decision on how to apply Resource Adequacy Requirements upon Small and Multi-jurisdictional Load Serving Entities. Thus, the CPUC staff requests that the CAISO either refrain from exempting MSSs from the standard Resource Adequacy penalty scheme proposed in the instant tariff, or otherwise avoid pre-judging the upcoming CPUC decision on how to implement Public Utilities Code, Section 380.

Aram Shumavon/Energy Division; [sap@cpuc.ca.gov](mailto:sap@cpuc.ca.gov)  
Elizabeth Dorman/Legal Division; [edd@cpuc.ca.gov](mailto:edd@cpuc.ca.gov)