

## 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 June 6, 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:**

Diamond Generating Corporation (“DCG”) is generally supportive of the existing scope, but suggests the following refinements to the statement. The ability to suspend operations for economic reasons should extend to any resource that is not committed to CAISO as a RA resources. Resources that have a RA commitment for a current RA compliance year should not be suspended in that same year, but may wish to pursue suspension if they are unlikely to

secure a RA commitment for the unit in the following year. This should dovetail with the compensation issue—if a resource is denied the request to suspend, it should be designated a RA resource and be compensated via the backstop CPM.

## 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:

DGC notes that, “in light of the significant transformation of the CASIO grid is undergoing and the significant change in the resource mix”,<sup>1</sup> some of the existing Tariff provisions with respect to retirement and maintenance of Deliverability status of existing generation may deserve reassessment. California is unlikely to support significant development of additional fossil fired resources. Accordingly, the fleet of existing resources needs to be considered in term of maintaining reliability, and presenting a means to see how the system evolves from a technological and load perspective. Moreover, the current regulatory environment around LTPP/IRP at the CPUC does not currently appear to provide a clear path for re-contracting of existing gas resources that will be rolling off existing contracts in the next few years. Because of these conditions, CAISO should provide a safe harbor for existing assets that may have future contracting or repowering opportunities to maintain the viability of the existing resource site. Accordingly, DGC offers the following comments on the identified issues:

Issue #3: An otherwise operable asset should be able to suspend for economic reasons where it does not have a RA commitment to stay available and it is unlikely to secure a contract in the coming annual solicitation cycle. The asset owner may be waiting for market and demand conditions to change to see if there is a future opportunity for the resource as configured, or alternatively for a solicitation in the near future for a change in configuration, or collocation of other technologies such as storage. This may turn in large part on how the IRP proceedings and any future solicitations occur, or whether the resource will be designated under CPM.

Issue #4: DGC urges the CAISO to establish a process with determinative timing, or a “deemed not denied” status whereby the asset owner can proceed to suspend/mothball unless CAISO determines that the suspension will be denied and CPM provided.

Issue #6: The current RA process requires LSEs to secure all local RA resources on a year-ahead basis for all 12 months, and 90% of their total forecasted load plus planning reserves for May through September for system RA resources. Any resource not committed for all months during a RA compliance period should have the option to suspend during part of the year when they are not committed under RA. This would include some of the months when the total

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<sup>1</sup> Issue paper, page 5, citing FERC *La Paloma* FERC decision.

quantity of RA required out of the system is lower than others. In other words, it is possible for a resource to only get contracted for a few of the peak months, and therefore desire ability to lay-up for the balance of the year.

Issue #7: Additional clarity is need regarding “suspension” of resources that may move from being within one BAA to another, since a resource can only be subject to one BA at a time. This appears related to dynamic / pseudo-ties and the value of being located within one BA versus another. For some resources the optionality to change host BAs may be critical for their continued economic viability.

### 3. Other Comments

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

#### **Comments:**

CAISO should review the RA NQC counting rules where past performance is used to set NQC. A unit that suspends operation should have the period of any suspension omitted from the NQC analysis. In other words, to the extent NQC is a function of operating at full capacity over certain hours of a month (or other calculation), resources that suspend operations should not face any NQC reduction or other penalty in terms of existing product certifications/eligibility.

In many respects, the issues raised here are critical to the maintenance of system reliability during a period of tremendous technological change that was not contemplated during development of the current Tariff provisions. Given the continued evolution of the resource mix in California, and the likelihood that similar changes will be occurring throughout WECC, ensuring that existing resource sites remain viable as market conditions change is important to avoid unintended consequences. Similarly, suspension of operations may be a resource owner’s only commercial option while regulatory changes on the procurement front are underway, as well as the potential to add or collocate certain non-combustion technologies at existing resource sites.