

**Comments of
Mirant California, LLC,
Mirant Delta, LLC, and
Mirant Potrero, LLC
On Standard Capacity Product – Phase II
Alternative Options Document**

Submitted by	Company	Date Submitted
<i>Sean Beatty</i> 925.427.3483	<i>Mirant California, LLC</i> <i>Mirant Delta, LLC</i> <i>Mirant Potrero, LLC</i>	<i>April 1, 2010</i>

On behalf of Mirant California, LLC, Mirant Delta, LLC, and Mirant Potrero, LLC (collectively, Mirant), we offer the following comments on the document entitled, *Alternative Options for the Availability Standard and Replacement Rule Components of the Standard Capacity Product II Initiative* dated March 18, 2010 (“Options Document”). Mirant’s comments focus solely on the different approaches to the planned outage replacement rule (“Replacement Rule”) addressed in the Options Document.

With regard to the Replacement Rule, the Options Document identifies two alternatives: (1) adopt a slightly modified version of the proposed Replacement Rule originally circulated in the February 19, 2010 *Draft Final Proposal*; or (2) leave the existing Replacement Rule in place pending consideration and adoption of an alternative other than the proposal sponsored by the CAISO. Mirant prefers the latter alternative.

As Mirant stated in its comments submitted on March 5, 2010, Mirant does not support a Replacement Rule that would impose on suppliers the obligation to replace capacity when there is a planned outage. Such a requirement would impose risks and transaction costs on suppliers that are difficult to quantify and would, as a result, lead to higher costs for ratepayers. The CAISO’s modified, proposed Replacement Rule would also interject CAISO staff into capacity procurement decisions that have the potential to favor one generator over another as the timing and approval of planned outages could have a material impact on whether replacement capacity is necessary. For these reasons and the concerns expressed by other parties through stakeholder comments, Mirant opposes a supplier-replace Replacement Rule.

Mirant also previously expressed its interest in Southern California Edison's ("SCE's") proposal for a planned outage adder ("POA") to resource adequacy procurement obligations in lieu of a Replacement Rule. Mirant continues to be interested in this proposal, but also recognizes that data must be gathered to analyze the practical implications of SCE's proposal. To the extent the time required for data gathering and analysis means that action to modify the Replacement Rule cannot occur within the timeframe set for Phase I of the California Public Utilities Commission's Resource Adequacy proceeding, then Mirant supports leaving in place the existing Replacement Rule and proceeding in a measured way to identify the best possible solution for maximizing the fungibility of the standard capacity product without including a supplier-replace Replacement Rule.