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**Comments of Northern California Power Agency
Reliability Services Initiative
April 23, 2014 Working Group Meeting**

April 30, 2014

Northern California Power Agency (“NCPA”) appreciates the opportunity to provide the following limited comments in response to the CAISO’s presentation and discussion at the April 23, 2014 Reliability Services Initiative Working Group Meeting.

Availability Standards Program

Pursuant to negotiations conducted during the stakeholder process, Section 40.9.2 of the CAISO Tariff provides that capacity acquired under a resource-specific power supply contract that existed prior to June 28, 2009 is not subject to Non-Availability Charges or Availability Incentive Payments for the duration of the existing contract. This treatment was found just and reasonable by FERC as a means of mitigating any undue negative impact that the availability standards and associated penalties might have had on existing contracts that were put in place prior to the establishment of the new rules. During the stakeholder process, this grandfathering was an integral element of the comprehensive design, and was actively sought by stakeholders to ensure that the newly proposed rules were not unduly discriminatory and did not penalize actions taken in compliance with existing contractual obligations.

In its April 23 presentation, the CAISO proposes to eliminate this provision, though it does not provide a direct explanation for why the elimination of these grandfathered resources from the list of exempt resources is necessary. NCPA is not aware that this treatment has negatively impacted the CAISO’s ability to manage the grid in a reliable manner since availability standards were implemented. NCPA requests that the CAISO provide additional information as to why it is proposing to do this, and that it also provide supporting quantitative analysis that demonstrates that the existing grandfathering rule has – or will in the near-term – affect the CAISO’s ability to operate the grid reliably.