



651 Commerce Drive  
Roseville, CA 95678

phone (916) 781-3636  
fax (916) 783-7693  
web www.ncpa.com

**Comments of Northern California Power Agency  
Commitment Costs Enhancements Phase 3 Straw Proposal  
September 9, 2015**

Northern California Power Agency (“NCPA”) appreciates the opportunity to provide the following comments in support of the CAISO’s August 24, 2015 Straw Proposal on the Commitment Costs Enhancements Phase 3 stakeholder initiative.

**Definition of Use-Limited Capacity**

- NCPA supports the refinements to the definition of Use-Limited Capacity.

**Opportunity Cost Model**

- NCPA supports the application of the future power price conversion factor to the prices used as inputs to the opportunity costs model.
- NCPA supports the proposed methodology for calculating opportunity costs in the case of nested use limitations.
- NCPA supports the proposed schedule for running the opportunity costs model and updating opportunity costs. We concur with the determination that impromptu updates are not needed given the frequency of the scheduled monthly updates and the proposed “use-limit reached” outage card.
- NCPA supports the CAISO’s proposal to update the limits used in the model to reflect the actual operation of the resource during the limitation horizon. Initially there was some concern expressed in the stakeholder process that under this proposal a resource owner might bid a resource into the market in a manner that purposefully uses up its use limitations in order to inflate its calculated opportunity cost later in the limitation horizon.

**RA Availability Incentive Mechanism**

- NCPA supports the “use-limit reached” and the interim “short-term use limit reached” mechanisms. In a subsequent iteration of this proposal, we request that the CAISO specify the duration of the interim availability of the “short-term use limit reached” mechanism.