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NCPA Comments
Alternative Options for the Availability Standard and Replacement Rule
Standard Capacity Product II

March 31, 2010

Northern California Power Agency (“NCPA”) is pleased to have the opportunity to submit these comments on CAISO’s Alternative Options for the Availability Standard and Replacement Rule as part of the Standard Capacity Product II (“SCP II”) initiative, dated March 18, 2010.

The CAISO has identified three (3) options for the inclusion, or exclusion, of a Replacement Rule in the SCP II proposal. The options include adoption of the 1) draft final proposal Replacement Rule, 2) a refined version of CAISO’s SCP II straw proposal published on January 19, 2010, or 3) recommending that CPUC retain the current Replacement Rule for its jurisdictional load serving entities until a satisfactory alternative can be developed.

Of the three options presented NCPA supports the third option; specifically NCPA supports that the CPUC retain the current Replacement Rule for its jurisdictional load serving entities until a satisfactory alternative can be developed. As discussed in comments previously submitted by NCPA, CAISO has not provided, or NCPA is not aware that CAISO has provided, sufficient evidence that a Replacement Rule is either required or beneficial to the market. Implementing a Replacement Rule will increase costs for ratepayers and NCPA believes it is the responsibility of the CAISO to provide quantitative evidence demonstrating that reliability will be negatively impacted if a Replacement Rule is not incorporated in to the CAISO tariff.