



Comments of Pacific Gas & Electric Company

Temporary Suspension of Resource Operations – Issue Paper

Submitted by	Company	Date Submitted
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Pacific Gas and Electric Company (PG&E) offers the following comments on the California Independent System Operator's (CAISO) Temporary Suspension of Resource Operations – Issue Paper, which was posted on May 10, 2017.

1. Scope of Initiative

Please provide any comments on the scope of this initiative.

Comments:

PG&E appreciates the opportunity to comment on the CAISO's Temporary Suspension of Resource Operations (TSRO) – Issue Paper. We concur with the CAISO's assertion that the significant changes in grid operations and resource mix underway merit a focused discussion on the topics identified in the issue paper. However, PG&E believes these issues are best addressed in the context of a larger conversation about the optimal market design to ensure the *right quantity* and *type* of supply-side resources are available to maintain grid reliability. As such any discussion on creating a TSRO designation is at best incomplete if conducted in isolation from a discussion of the overall capacity retirement/retention process.

To that end, PG&E recommends that CAISO's initial TSRO straw proposal describe the interplay between a hypothetical TSRO designation process, and a number of related processes, including the Capacity Procurement Mechanism Risk-of-Retirement (CPM RoR) and the Reliability Must Run (RMR) designation processes, as well as the annual Transmission Planning Process (TPP). PG&E believes that at a minimum the CAISO's straw proposal should describe the primary purpose of each designation, any inconsistencies or overlaps, and the likely compensation that would be available to a generator under the CPM RoR and RMR processes.

PG&E recommends that the CAISO articulate scenarios under which a Participating Generator may want to seek TSRO designation for a Generating Resource and discuss how the TSRO designation and process would address the issues faced by the resource owner.

Lastly PG&E recommends that the CAISO describe the circumstances under which a TSRO request would be denied. For example, should a resource included in an RA showing be automatically prohibited from applying for a TSRO designation? PG&E recommends that this and similar questions be addressed in the CAISO's straw proposal.

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:

A. Should CAISO allow a Participating Generator to temporarily suspend operation of its Generating Unit for economic reasons? Under what conditions should CAISO grant such a request?

In principle PG&E believes that a Participating Generator should be permitted to seek authority to temporarily suspend operations of a Generating Unit for economic reasons (i.e. make a “TSRO request” or seek a “TSRO designation”). However, without a complete understanding of the intended interplay between a TSRO designation, and existing backstop procurement mechanisms like the Capacity Procurement Mechanism Risk-of-Retirement (CPM RoR) and Reliability Must Run (RMR) contracts, PG&E cannot definitively endorse the concept at this time.

In developing its straw proposal, PG&E urges the CAISO to work towards a market design that does not skew participation and pricing in the RA markets, and appropriately limits a resource owners’ ability to exercise single resource and portfolio market power in resource adequacy and energy markets.

B. Should CAISO compensate a Participating Generator whose request to temporarily suspend operation of its Generating Unit is denied? If compensation is deemed appropriate, what compensation methodology should CAISO adopt?

In concept PG&E believes that a Participating Generator should be compensated if their request to temporarily suspend operation of a Generating Unit is denied.

PG&E recommends that CAISO’s straw proposal address the following questions:

1. What criteria will CAISO use to determine if a Generating Resource is “needed” over a predefined planning horizon, and under what conditions might it deny a TSRO request?
2. Should the compensation be capped or standard for all resources?
3. What additional requirements will be placed on the generator for accepting the compensation?
4. How will costs be allocated and who will pay?
5. If costs are allocated to LSEs, should they receive resource adequacy “credits” towards their obligation?
6. What market power tests or mitigation rules might need to be considered as a part of these reforms?
7. How have other Balancing Authorities dealt with the question of compensation?

C. Should CAISO establish a limit on the minimum amount of time that a Generating Unit can suspend its operations, and perhaps a maximum amount of time?

PG&E believes that any limits on the minimum/maximum amount of time that a Generating Unit can suspend its operations should be coordinated with the milestones and data requirements of the annual Transmission Planning Process (TPP).

D. What should CAISO consider when establishing a specific timeline for requesting suspended resource operation, which allows for appropriate operations planning time and notification of approval and denial?

PG&E recommends that the CAISO base a TSRO process timeline on the intended interplay between a hypothetical TSRO designation, CPM RoR and RMR designations, and the annual TPP. Without this clarity, PG&E cannot offer a more specific recommendation at this time.

E. Is there a level of “return-ability” that would need to be maintained while the Generating Unit is in suspension?

PG&E requires additional information in order to comment on this issue. The CAISO’s proposal has not provided a comprehensive picture of the envisioned role of TSRO in the retention/retirement process the CAISO is proposing.

F. Should a Generating Unit that is permitted to temporarily suspend operation be ineligible to be used as a resource adequacy resource in a resource adequacy showing?

Generally, PG&E believes that CAISO should incentivize participation in the market whenever possible. However PG&E requires additional information in order to comment on this issue. The CAISO’s proposal should provide a comprehensive picture of the envisioned role of TSRO in the retention/retirement process the CAISO is proposing. There are annual and monthly RA showings, and more information is needed regarding the intended scope of this question.

G. A Generating Unit that has suspended operations in one balancing authority area and is now operating in an adjacent balancing authority area should not be able to be counted as a resource adequacy resource in the balancing authority area for which it has suspended operation during the time period for which it has suspended operations.

PG&E requires additional information in order to comment on this issue. We request that CAISO provide an example of the scenario depicted here in its straw proposal.

3. Other Comments

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

Comments:

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PG&E has no additional comments.