

Stakeholder Comments Template

Submitted by	Company	Date Submitted
Nuo Tang 858.654.1818	San Diego Gas & Electric	10/3/2017

Please use this template to provide your written comments on the stakeholder initiative “Temporary Shutdown of Resource Operations.”

Submit comments to InitiativeComments@CAISO.com

Comments are due October 3, 2017 by 5:00pm

The Draft Final Proposal posted on September 6, 2017 and the presentations discussed during the September 13, 2017 stakeholder conference call can be found on the [TSRO Website](#).

Please use this template to provide your written comments on the Draft Final Proposal and any additional comments that you wish to provide.

1. Please indicate whether you support the Draft Final Proposal.

Comments:

SDG&E opposes the CAISO’s draft final proposal for two reasons. First, SDG&E believes a temporary suspension outage should be the first step into the CAISO’s resource retirement process. If a resource was unable to meet the CAISO’s timeline to request CPM ROR, then either the CAISO may place or the resource may request a temporary suspension outage for the remainder of the year. This would provide the longer lead time resources have been requesting as part of the CPM ROR process. Second, the original scope and request from La Paloma was because of insufficient market revenues to which it believed would not allow it to recover its overall costs. The CAISO’s draft final proposal allows any resource even those not under financial distress to request for an outage. SDG&E believes this will create a flawed incentive to

allow resources to withhold capacity from the bilateral capacity market, seek higher CPM revenues and increase ratepayers' costs. For these reasons, SDG&E does not support and opposes the proposal in its current form.

2. Please provide any additional comments.

Comments:

SDG&E is very concerned with several specific components of the draft final proposal.

1. If a shutdown outage is requested for a maximum of four months and the CAISO estimates that it needs the resource for any of the four months, the TSRO will be denied and the CAISO will pay for costs up to four months rather than just the month in which the resource is needed. SDG&E believes the CAISO should allow a resource to be on outage up until the month in which it is needed to minimize overall CPM costs. For example, if a resource requested a four-month outage and the CAISO found the resource was needed for reliability in the third month, then the resource would be allowed to be TSRO for the first two months but not the third or fourth month. However, a resource found to be needed for reliability only for the first month would be allowed to be on outage from the second to the fourth month¹.
2. The CAISO seems to allow a resource on approved TSRO to be contracted as RA capacity. The CAISO requires a resource that was denied a shutdown to notify the CAISO that it becomes RA. This seems reasonable but given the month ahead process and potential multi-month CPM TSRO, the outcome conflicts with the current practice under section 43A.9. For example, a resource submits for a four month TSRO in November for January through April. The CAISO rejects the outage and CPMs the resource for January through April on December 23rd. Per section 43A.9, the CAISO will provide some mechanism for LSEs to receive credit for the CPM capacity toward their RA requirements. By the time the CAISO CPM's the resource on December 23rd, both the January and February month-ahead RA showing have past and the LSEs would not have received their RA credits. The CAISO would provide the credits for March and April to the LRA and to their respective LSEs. However, if the resource were contracted by an LSE prior to mid-January as RA capacity for March, the amount of contracted capacity would be used twice because the supply plan would show the megawatt volume to the purchasing LSE and all LSEs also received the same credit. During the call, the CAISO did not have a definitive answer and requested additional time to ponder this situation.

¹ Assuming the need was not for Local reliability as CPM for Local reliability will be for 2 months rather than 1 month.

SDG&E requests the CAISO to flesh out the details of this process in its next version of the proposal.

3. The CAISO provided no details for the CPM adder which will be paid to the resource to come back online prior to the end date of the outage. SDG&E does not support an undefined component of the proposal and does not believe the appropriate time to discuss is either at the Board of Governors or Tariff modification phases.
4. Allowing all resources to request non-physical outages provides an opportunity for withholding and price discovery. The unrestricted request process provides an incentive for all resources to submit TSROs to undermine the bilateral capacity construct. Resources will be able to submit multiple consecutive one-month outages to discover months the CAISO will deny the outage. This information provides the resource with market power over LSEs as the resource has some certainty the CAISO will need its capacity in those months in the future. The CAISO should not be an active participant to allow this to occur by allowing resources to continuously submit TSRO. The threshold of 12 consecutive CPM TSRO is very low and the majority of resources that seek TSRO is expected to be designated CPM during the year.

SDG&E urges the CAISO to change its proposal to only allow economic TSRO as a gateway to CPM ROR to remove the incentives created by the CAISO's current proposal that undermines the existing bilateral capacity framework. SDG&E believes the CAISO's proposal is incomplete and lacks additional details mentioned by stakeholders during the call. SDG&E recommends the CAISO to add additional time into the schedule to review the next version of the proposal.