

## Stakeholder Comments Template

Submitted by	Company	Date Submitted
Victor Kruger	San Diego Gas & Electric Company	July 13, 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](mailto:InitiativeComments@CAISO.com)

**Comments are due July 13, 2017 by 5:00pm**

The Straw Proposal posted on June 21, 2017 and the presentations discussed during the June 28, 2017 stakeholder conference call can be found on the [TSRO Website](#).

Please use this template to provide your written comments on the straw proposal topics listed below and any additional comments that you wish to provide.

### 1. Who is eligible?

#### Comments:

As SDG&E indicated in our 7/11/17 comments on “Capacity Procurement Mechanism Risk-of-Retirement (“CPM ROR”) Process Enhancements.” TSRO may not be needed. With the expectation of decreasing future loads, it unlikely a long TSRO will be able to bridge to a more economic period for the generator. Also, short TSRO could be used to create scarcity and raise prices for other generators and this should be avoided.

However some possible CPM ROR development outcomes could make TSRO needed. SDG&E agrees that resources, whether RA or not, should be eligible to request TSRO for some time in the future as a step prior to retirement. However, the acceptance or denial information should ensure the bilateral capacity market will not be impacted. This parallels CAISO’s proposal in

CPM ROR for the results of the April window. SDG&E believes more discussion should take place around partial resource TSRO. A MSG unit may be able to lower its fixed and variable costs by shutting down one or more units while operating the remaining unit(s). SDG&E is uncertain and not opposed to the partial TSRO but more discussion needs to take place surrounding the likelihood or economics of such an event.

SDG&E believes that since the request for TSRO and the resulting denial creates a CPM designation which would be charged to ratepayers; the CAISO should require the resource to have offered into the CPM CSP. The decision for TSRO request should not be made lightly and therefore the CPM acceptance should also not be voluntary. In the existing Tariff, if the resource did not offer into the CPM CSP, then the resource may reject any CPM designation. However, if the resource offered into the CPM CSP, then such a designation is no longer voluntary. SDG&E strongly believes the CAISO should require offering into the CPM CSP a prerequisite.

2. Whether the CAISO may allow a Participating Generator to temporarily shut down operation of its Generating Unit for economic reasons.

**Comments:**

SDG&E supports granting TSRO due to economic reasons as a first step of the retirement process. TSRO should be allowed to let resources shut down in order to have time to fully evaluate a retirement decision. TSRO should not be granted just because a resource estimates that it may be uneconomic during certain times of a year. Allowing such provides the wrong market incentives, risk grid reliability and ultimately increase ratepayer costs. The CAISO should be concerned and monitor gaming if a supplier were to request TSRO for one effective resource because it was able to contract another less effective resource to an LSE in order to receive payments for both resources. Therefore, SDG&E believes the TSRO should only be used as a step to properly evaluate a future retirement.

3. The conditions under which the CAISO may grant a request for temporary shutdown.

**Comments:**

SDG&E believes the CAISO should only grant TSRO or place a resource under TSRO if the resource is headed towards retirement. If the resource is uneconomic, then the CAISO would study the resource(s) to ensure such an outage would not risk grid reliability.

#### 4. Reliability Studies.

**Comments:**

SDG&E requests the CAISO to provide more detail regarding the TSRO Reliability Analysis. It would be helpful to understand whether the expected load forecast is the same as the 1-in-10 and 1-in-2 load forecasts that were used in the development of LSEs' RA requirements. If different, why might it be different? Why does the CAISO not include a Flexible RA analysis and is only limited to Local and System RA analyses. It is unclear whether the TSRO reliability analysis's four month window is reasonable. The CAISO states that the reliability analysis mirrors the current generation maintenance outage analysis process. It is unclear if that analysis process stretches to or beyond the four month time horizon and whether the CAISO's study process is accurate. SDG&E hopes the CAISO can provide additional details in its proposal.

SDG&E strongly recommends the CAISO to consider studying TSRO requests in a cluster rather than first come first served. The main goal for the CAISO is not only to ensure grid reliability but also an efficient market to serve load. Given two resources, one more effective or efficient than the other, the CAISO should deny TSRO of the more effective resource as it would yield lower energy market prices. This concept/logic is built into the current CAISO's Tariff authority for CPM. Under Tariff Section 43A.4.2, the CAISO must minimize the "overall costs" of meeting grid reliability. As part of cost minimization, the CAISO considers the resource's Pmin, eligible capacity, relative effectiveness of meeting local and/or zonal constraints, and relative operating characteristics such as dispatchability, ramp rate and load-following capability. Since a denial of TSRO results in CPM, SDG&E believes the CAISO should cluster and analyze all requests in order to have the most effective and lowest over-all cost resources for grid reliability. Therefore a first come first served analysis similar to the outage approval process does not work for CPM.

SDG&E requests the CAISO to discuss whether approving TSRO for resources may impact the deliverability of other generators on the grid. Would certain resources temporarily receive additional NQC due to increased deliverability to sell? Or less NQC because the topography of the system is impacted?

#### 5. The form of compensation, if any, that the CAISO would provide the Participating Generator if the CAISO denies the Participating Generator's request to take the Generating Unit out of service for a temporary shutdown.

**Comments:**

As SDG&E noted above, resources seeking TSRO should have offered its capacity into the CPM CSP. Doing so would at least ensure the designation could not be declined due to the voluntary nature of CPM.

6. The CAISO may want to establish a limit on the minimum amount of time that a Generating Unit can shut down its operations, and perhaps a maximum amount of time.

**Comments:**

SDG&E believes the minimum amount of time proposed by the CAISO is too generous and would allow generators to repeat TSRO requests in the same months of each year. Instead, SDG&E believes the minimum should be six to nine months as SDG&E views TSRO as a first step towards the retirement process. SDG&E requests the CAISO to provide more details as to the intersection of TSRO and the various scenarios of the generation retirement process. Does a resource requesting consecutive TSROs eventually or automatically step into one of the three options, or four as in the case of the pending PRR change, of the generator retirement process? Such details would help market participants understand the limits and possible incentives of these intersecting processes.

7. The CAISO will need to establish a specific timeline for requesting shutdown of operations allowing for appropriate operations planning time and notification of approval and denial.

**Comments:**

SDG&E recommends a window for requests rather than a deadline as proposed by the CAISO as SDG&E does not support the first come first served analysis process. A deadline approach provides the incorrect market signals to ensure grid reliability at lowest over-all costs. SDG&E also believes the CAISO should report and notify all requests and approvals to market participants for transparency purposes. This does not have to be reported immediately, like CPM designations, but reports would provide transparency to market participants.

For the denial of TSRO, or CPM designation, SDG&E believes the CAISO should mirror its current process for RMR, ROR or other CPM scenarios where market participants have an opportunity to comment on the designation and provide other solutions to avoid the CPM and allow the resource to temporarily shut down. If another option is available to mitigate the reliability risk at a lower price than the CPM, the CAISO should consider that option.

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

**Comments:**

SDG&E agrees that a resource should not be allowed to change its generator characteristics upon return from TSRO.

9. If a Participating Generator has temporarily shut down operations of its Generating Unit, would it be eligible to be used as a RA resource in a RA showing for that period?

**Comments:**

No, at no time should the TSRO period overlap with the RA period. SDG&E believes that the resource should be allowed to contract RA capacity after the TSRO approval. Some scenarios are provided as follows. In scenario 1, if a resource submits and receives approval for TSRO for future months, it should have all capabilities to continue to contract with LSEs for its capacity. Under the CAISO proposal, the resource may request a 4 month outage for July through October. Such a request must be submitted by May 1<sup>st</sup>. The resource should not be prohibited from selling RA for the TSRO months since the month-ahead supply plans have not yet been submitted. Once the supply plans are submitted, the resource must cancel its TSRO outage by the supply plan due date or the CAISO will cancel the outage for the resource because it is RA. In scenario 2, the resource may have already contracted its capacity for a time period which overlaps with the TSRO. In such a case, the TSRO should be denied as the resource is already RA. However due to the timing of supply plans the CAISO might not have such knowledge of the RA contract. Therefore, at the time of the supply plan submission, the resource or the CAISO should cancel the TSRO. The CAISO may consider whether it would move the start date of the TSRO so that it does not overlap with the RA period but the end date should not be adjusted. In such a scenario, the CAISO may not have to restudy the outage as it was originally approved. In scenario 3, if a resource has a single contract covering Q1 and Q4 and requests TSRO during Q2 and Q3, the CAISO should reject the outage. SDG&E does not support this situation as the resource knowingly has future RA commitments and is not preparing for retirement. The CAISO should prevent and monitor this type of scenario from occurring.

10. If a Generating Unit has shut down operations in one BAA and is now operating in an adjacent BAA, would it be eligible to be counted as a RA resource in the BAA for which it has shut down its operations?

**Comments:**

SDG&E requests the CAISO to expand on the timing and process for this question. It is unclear to SDG&E how easy or difficult it is for a resource to operate or transition into the adjacent BAA.

**11. Other Comments**

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

**Comments:**

SDG&E strongly encourages the CAISO to consider the benefits of using TSRO as an entry into the CPM ROR process in a holistic process. Allowing TSRO to function as a standard business practice sends dangerous market signals.