

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your written comments on the stakeholder initiative
 “Temporary Suspension of Resource Operations.”

Submit comments to InitiativeComments@CAISO.com

Comments are due June 6, 2017 by 5:00pm

The Issue Paper posted on May 10, 2017 and the presentations discussed during the May 19, 2017 stakeholder conference call can be found on the [TSRO Website](#).

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

1. Scope of Initiative

Please provide any comments on the scope of this initiative.

Comments:

The Six Cities agree with the ISO’s determination, described during the May 19, 2017 stakeholder conference call, that the scope of this initiative should not include consideration of allowing short-term (e.g., daily or weekly) outages or suspensions of operation for economic or other non-physical reasons. Further, for the reasons discussed under Item 3 below, the ISO should not consider simply allowing non-RA resources to decide whether or not they wish to

respond to ISO dispatch in lieu of establishing a process for evaluating and either granting or not granting a resource's request for permission to suspend operations for a temporary period.

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:

Whether Suspension Allowed - - The Six Cities believe there are potential benefits for grid reliability in allowing resources the ability to suspend operations for a temporary period under appropriate circumstances and procedures. Both the resource fleet and customer demand patterns are evolving rapidly, often in ways that are not fully anticipated. The rapid changes in supply attributes and demand patterns have created widely recognized operational challenges for the ISO. It is in the interests of all market participants and the ISO to allow resources reasonable flexibility in managing their response to evolving market conditions so long as the measures adopted to permit such flexibility do not impose unreasonable burdens on other market participants or impede the development of more efficient new resources.

Whether Compensation Paid - - Subject to compliance with procedural requirements and criteria for minimum and maximum suspension periods, the ISO should not deny a request by a resource for permission to implement a temporary suspension of operations except for reliability reasons, *i.e.*, where the ISO's reliability studies demonstrate a significant potential that the resource will be needed to maintain reliability during the proposed suspension period. In circumstances where the ISO denies a request for temporary suspension of operations based on a determination of potential need during the suspension period, the resource should receive a CPM designation for the month or months in which the ISO studies identify a potential need for the resource, with a minimum designation period of thirty days, if the requested suspension period is thirty days, or sixty days, if the requested suspension period is sixty days or greater. Acceptance of such a CPM designation and compliance with the obligations of CPM resources during the CPM designation period should be a condition for receiving permission to implement a temporary suspension during the remainder of the proposed suspension period. Market notice provisions generally applicable to CPM designations should apply to CPM designations for resources denied permission for temporary suspension of operations.

Time Limits - - There should be both minimum and maximum time limits for temporary suspensions of operation. In addition, the ISO should establish a process and timeline such that requests for temporary suspensions must be submitted during designated window periods, such as a specified month during every six month period, to be aligned with the RA procurement timeline and, potentially, with the risk of retirement notification and evaluation process.

Establishing designated window periods for submission of temporary suspension requests would minimize the potential for gaming, reduce the administrative and analytical burdens on the ISO as compared with an open, rolling opportunity to request suspensions, and allow the ISO to study the reliability impacts of multiple suspension requests on a cluster basis.

Subject to implementation of specified window periods for submitting temporary suspension requests, the Six Cities' preliminary view is that the minimum suspension period should be one month, and the maximum initial suspension period should be one year. A resource should be allowed to request permission to extend a temporary suspension of operations for succeeding one-year periods but should not be permitted to retain full deliverability status beyond an initial one-year suspension period unless repowering criteria and procedures are applicable and satisfied.

Timeline - - The Six Cities agree that there should be a specific process and timeline for requesting suspended operation, allowing for ISO evaluation of the impact of a proposed suspension, and providing notification of approval or denial. As described above, the Six Cities recommend establishment of specified windows for submission of suspension requests. To maximize usefulness of the process to resources, the timeline from submission of a request for permission to suspend to notification of approval or denial should be as expeditious as possible consistent with the ISO's ability to conduct necessary reliability analyses.

"Return-ability" - - Imposing stringent "return-ability" obligations (e.g., maintaining a skeleton crew or ability to resume operations within a short time period) would appear to reduce the usefulness of a temporary suspension option for resources. Requiring a commitment to resume operation after a medium-term notice period may be appropriate.

RA Treatment (Suspension) - - A resource certainly should not be eligible to be used as an RA resource in an RA showing submitted after the ISO has allowed a temporary suspension of operation for the duration of the temporary suspension period. Moreover, the ISO should reject a request by a resource for permission to suspend operation during any period for which the resource has been included as an RA resource in an RA showing unless the resource provides substitute RA capacity. Subject to and following a one-month minimum suspension period, a resource should be permitted to end a suspension early in order to contract to provide RA capacity.

RA Treatment ("Switching") - - The Six Cities do not understand why a resource that has switched operation from the ISO's BAA to an adjacent BAA should not be eligible to be counted as an RA resource on the same basis and to the same extent as any other resource external to the ISO BAA (i.e., in accordance with the RA provisions applicable to System Resources).

3. Other Comments

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

Comments:

The Six Cities strongly disagree with and urge the ISO to reject the suggestion made during the May 19, 2017 stakeholder call that, rather than developing a process for allowing resources to temporarily suspend operation (or receive compensation if a request for permission to suspend operation is denied for reliability reasons), the ISO should simply eliminate any obligation for non-RA resources to comply with ISO dispatch instructions except in accordance with their own bids. Contrary to the assertion of the Calpine representative who made the suggestion during the stakeholder call, the suggested approach would not lead to the same result as implementing an orderly process and criteria for allowing (or disallowing) temporary suspensions of operation. There would be significant differences in terms of information available to the ISO, temporal differences, and differences in the ISO's ability to manage capacity potentially needed under stressed system conditions. If non-RA resources generally had no obligation to respond to an ISO Exceptional Dispatch instruction, any and all non-RA resources could decide whether or not to respond on a day-by-day or even interval-by-interval basis, and the ISO would have no ability to predict whether non-RA resources would or would not respond to Exceptional Dispatch instructions. In contrast, the ISO would be able to deny or limit a request for temporary suspension of a resource potentially needed for reliability (in effect issuing an advance CPM designation). And the ISO would be aware in advance that a resource permitted to implement a temporary suspension of operation would not be available for the duration of the allowed temporary suspension period and could plan and direct operations accordingly.

Moreover, it is not accurate to characterize the obligation of non-RA resources to respond to Exceptional Dispatch instructions as "an uncompensated call option." Resources that connect to the ISO grid, including non-RA resources, have the continuing opportunity to engage in transactions using the grid. Except when exporting from the grid (for export transactions other than through the Energy Imbalance Market), resources make no direct contribution to the fixed and variable costs of having and maintaining the transmission grid. Maintaining reliability of the grid under stressed conditions provides clear benefit to all resources that rely on the grid to do business. And when a non-RA resource responds to an Exceptional Dispatch instruction, it receives capacity payments under the CPM mechanism for either thirty or sixty days, as the FERC determined to be appropriate. The compensation for expecting non-RA resources to respond to Exceptional Dispatch instructions when they are physically able to do so and for which they will receive capacity payments for thirty or sixty days is the ability of those resources to rely on the grid for doing business whenever they choose to do so.