

Silicon Valley Power (SVP) Comments on CPM Designation for Sutter Energy Center

December 16, 2011

SVP appreciates the opportunity to comment on the CAISO's proposed CPM risk of retirement designation of the Sutter Energy Center.

SVP has reviewed the comments being submitted by CMUA and NCPA on this issue and fully supports their positions. SVP emphasizes that the tariff provisions for which CAISO proposes to seek waiver were intended to be used in an immediately urgent circumstance, and the cost allocation approved by the FERC reflected that understanding. It is unreasonable to apply the tariff to a tentative, potential need five years from now, and in any event it would not be reasonable to allocate the costs of a potential shortfall in five years to entities that are fully prepared to meet their resource requirements in that time frame. If the CAISO is ultimately able to demonstrate that the capacity procurement is justified and the application of the CPM tariff is otherwise reasonable under the circumstances, cost causation principles would require CAISO to allocate such costs via some sort of yardstick that can make a reasonable assessment as to whom currently is not projected to be resource adequate in the 2017-18 time frame.

Thank you,

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