

Stakeholder Comments Template

Submitted by	Company	Date Submitted
Steven Kelly Policy Director	Independent Energy Producers Assoc. (IEP)	February 20, 2018

Please use this template to provide your written comments on the stakeholder initiative
“Review of RMR and CPM.”

Submit comments to initiativecomments@caiso.com

Comments are due February 20, 2018 by 5:00pm

The Issue Paper and Straw Proposal for Phase 1 Items that was posted on January 23, 2018 and the presentation discussed during the January 30, 2018 stakeholder meeting can be found on the following webpage:

http://www.caiso.com/informed/Pages/StakeholderProcesses/Review_ReliabilityMust-Run_CapacityProcurementMechanism.aspx.

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

1. Comments on phase 1 proposal to make RMR Condition 1 and 2 Units subject to a MOO for Energy and AS.

Comments:

IEP is concerned that the imposition of a MOO requirement on RMR contracted units may trigger unintended consequences. For example, imposing a MOO obligation on RMR contracts may distort local market signals and, thereby, undermine market opportunities for other resources. As a practical matter, the incidence of RMR contracting is low and likely will remain

low. Rather than rushing to submit a proposal to the CAISO Board by April 2018, IEP believes additional study and review would be welcome and warranted. .

2. Comments on potential phase 2 items listed in issue paper and straw proposal.

Comments:

[Insert comments here]

3. Suggested additional items for phase 2 that are not listed in issue paper and straw and why the items need to be addressed.

Comments:

[Insert comments here]

4. Other Comments

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

Comments:

IEP was an active participant in the FERC settlement process with the CAISO and the California Public Utilities Commission (CPUC) related to the existing CPM Mechanism. Moreover, we have been active litigating RMR matters over the years both here in California and at the FERC. Because it is likely that the process may take multiple years to amending the CAISO tariff related to CPM and/or RMR, involving tremendous investments of time and resources by the CAISO, the CPUC, and stakeholders, we believe that a modest 4 month delay in reviewing the RMR and CPM mechanisms, until July 2018, may reap tremendous benefits in the end.

The CPUC is conducting a review of its resource adequacy (RA) framework in 2018. Track 1 is addressing time sensitive matters, including consideration of a multi-year RA Framework, which would be designed to fix in whole or in part the flawed aspects of the current RA framework. The CPUC's decision in Track 1, scheduled for June 2018 at the latest, will inform many of the issues raised in the CAISO's *Issue Paper and Straw Proposal for Phase 1 Items*. Certainly, CPUC Track 1 refinements to the current RA framework should lessen the necessity for the CAISO to employ is CPM and RMR backstop procurement mechanisms in the future. IEP believes that reducing, if not eliminating, backstop out-of-market procurement would be a good outcome. Accordingly, we recommend a short pause at the CAISO in order to allow the CPUC to complete its Track 1 process by June 2018.