

## Comments of Calpine Corp. on the Aliso Canyon Gas-Electric Coordination Draft Final Proposal

Matthew Barmack  
Director of Market & Regulatory Analysis  
Calpine Corp.  
925-557-2267  
[barmackm@calpine.com](mailto:barmackm@calpine.com)

April 28, 2016

Calpine appreciates the opportunity to comment on the Aliso Canyon Gas-Electric Coordination Draft Final Proposal (“the proposal”). While Calpine recognizes the need for the CAISO to move quickly to address the unprecedented reliability problems posed by Aliso Canyon, Calpine believes that important elements of the proposal would benefit from greater debate, clarification, and documentation prior to implementation.

Calpine has the following major concerns about the proposal:

First, Calpine does not support what Calpine understands as the CAISO’s proposal to limit increases in commitment cost and energy offer caps to resources that are served directly by SoCal Gas. High intra-day gas prices on SoCal Gas’s system can affect intra-day gas prices for generators that are served primarily by other local distribution companies or directly from inter-state pipelines but are also connected to SoCal Gas or may buy gas from sellers who rely on SoCal gas storage. Calpine prefers the approach in the straw proposal that would allow real-time energy bids and commitment costs to reflect actual intra-day gas costs across the entire CAISO footprint.

Calpine also believes the CAISO needs to provide more clarity on how real time commitment cost and energy offer caps would be calculated. The proposal suggests that caps might be based on a 75% premium above the gas price index that is currently used to set caps. The CAISO has presented no analysis to support the 75% premium or a general methodology to derive higher caps

Second, the proposal lacks important details of what the CAISO’s April 27<sup>th</sup> presentation labels “operational tools.” Exactly how such tools are implemented should be codified in the CAISO tariff or a business practice manual. For example, as acknowledged by the CAISO during the April 27<sup>th</sup> call to discuss the proposal, de-rating Path 26 would have significant impacts on prices across the CAISO footprint. Given the likely impact of this element of the proposal, Calpine believes that the CAISO should explain exactly how and when de-rates to Path 26 will be implemented.

Similarly, the CAISO should document important details of its proposed gas availability constraint, such as when it will be applied, to what units it will be applied, how it will be priced, and how separate prices will be determined for load and supply in the event that the constraint is applied.

Calpine looks forward to working with the CAISO to systematize many of the elements of the proposal.