Supplemental Comments of Calpine Corporation on

CPM Soft Offer Cap

Straw Proposal

Comments Submitted: 8/22/19
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Summary:

Calpine submits these supplemental comments to address an issue previously raised at stakeholder meetings and discussed with staff but not included in submitted written comments. Specifically, Calpine asks the CAISO to clarify the proposed rules for import CPM/CSP bids above the Soft Offer Cap.

Discussion:

The CAISO Straw Proposal would require the justification of any CSP bids above the Soft Offer Cap with a FERC filing demonstrating higher resource-specific going-forward fixed costs (plus and adder). Specifically:

> *… the resource can file at FERC based on the going forward fixed cost of the resource using the same cost categories discussed above and the same 20% cost adder that used for the CPM reference resource in addition to retaining all market rents earned.*

Notwithstanding Calpine's previous disagreement with this proposed "hard cap" on market bids, Calpine urges the CAISO to explain how an above Soft Offer Cap cost-justification would be applied to a Non-Resource-Specific System Resource RA import bid. That is, absent the identification and dedication of a specific external generating asset and capacity quantity (such as a Resource-Specific System Resource), what cost justification would be required? For example, could an import bid reflect the opportunity costs of not participating in external markets? Would all import CPM / CSP bids be limited to $6.31/kW-month? If not limited in this manner and other cost justifications are allowed for imports, how would the CAISO ensure that imports and internal resources are treated equitably?

Given current market dynamics, including the possible capacity shortages identified by both the CPUC and the CAISO, and the CAISO's expected and possibly growing dependence on RA imports, this question is much more than theoretical.