

California Community Choice Association

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Contact

Shawn-Dai Linderman (shawndai@cal-cca.org)

1. Please provide a summary of your organization's comments on the Capacity Procurement Mechanism (CPM) enhancements track 2 stakeholder workshop.

The California Community Choice Association (CalCCA) appreciates the opportunity to comment on the California Independent System Operator's (ISO) Capacity Procurement Mechanism (CPM) Enhancements Track 2 Workshop (the Workshop). This track of the initiative will evaluate the CPM Soft Offer Cap (SOC), per the ISO's tariff requirement to do so every four years. CalCCA supports using the fixed cost outputs from the California Energy Commission's (CEC) cost of generation model using a 550 megawatts (MW) combined cycle reference resource and with the 2023 updates to include updated labor rates and inflation.

2. Please provide a summary of your organization's comments on fixed cost outputs from the California Energy Commission's cost of generation model.

It is reasonable for the ISO to continue to use a 550 MW combined cycle resource as the reference resource for this year's SOC update as most of the recent CPM designations still come from gas units.^[1] This may change in the future as storage and other new technologies come online, but at present, it does not appear necessary to change the reference resource.

CalCCA supports using the fixed cost outputs from the CEC's cost of generation model with the 2023 updates. These updates include updated labor rates and inflation since the 2019 update. During the workshop, the CEC indicated that labor rates and inflation are the major drivers of changes in fixed O&M costs. The CEC also indicated that it did not expect other costs to change significantly between the 2019 update and the present because the reference resource used is a relatively new resource that came online in 2021 and is a mature technology. For these reasons, the CAISO should adopt the \$7.34/kW-month SOC from the CEC's 2023 update.

[1] ISO Presentation at Slide 16: <http://www.aiso.com/InitiativeDocuments/Presentation-Capacity-Procurement-Mechanism-Enhancements-May112023.pdf>.

3. Please provide a summary of your organization's comments on the CPM track 2 proposed scope and schedule.

CalCCA supports the ISO's proposed scope and schedule in which this track 2 will consider updating the CPM SOC based upon the CEC's cost of generation model and the ISO's tariff-defined formula and a future track will consider ideas for improving the SOC and/or related aspects of the ISO's CPM processes.