Standard Capacity Product: Phase 1 Enhancements & Phase 2 Implementation Conference Call

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Leading a Market Participant Conference Call on Wednesday, June 30, 2010
Agenda

- SCP I Enhancements - Background
- SCP I Enhancements Scope & Other Issues
- SCP I Enhancements / SCP II BRS – This BRS will include both enhancements and SCP II
- 2011 Availability Standards & Settlements Advisory Period
- Post Process Updates
- Questions
SCP I - Background

- SCP I was implemented on January 1, 2010
- Several Market Participants have expressed concerns with current process limitations
- Initial MP Conference Call 5/13/10 to review concerns and proposed process modifications
- Internal ISO meetings to address immediate concerns
- MP Conference Call 6/30/10 to review scope items, BRS, and post process updates
SCP I Enhancements Scope

- Automated approach that will detect a “Forced” and “Planned” outage overlap. Only the MW de-rate in the Forced Outage beyond the overlapping planned outage will be considered as a true “Forced Outage”;

- Capability for Scheduling Coordinators to convert from a “forced” outage to an “ambient not due to temperature” outage or “ambient” outage to an “ambient not due to temperature” outage. Short term process will be used until automated approach is developed.

- Further detail will be provided in external BRS for SCP II –

  [Link to Caiso website](http://www.caiso.com/2479/2479e7362d1e0.html)
Other Issues

- 1). Inability to provide an approved alternate path non-system resource due to a transmission limitation or outage.
- 2). Inability to substitute an intertie resource with another intertie resource.
- 3). Limitation to substituting resources within CAISO balancing authority.

**Response to 1, 2, and 3:** CAISO tariff supports the substitution of a RA Generator within the CAISO balancing authority that meets the criteria outlined within the G-204 operating procedure.

- Substitution consumes the entire capacity of the resource even when in some cases it should only utilize a few MWs of capacity.

**Response:** CAISO tariff only supports unit for unit substitution.
Other Issues (cont.)

- Inability to correct inadvertent resource plan reporting errors (most applicable to system resources). Market Participants have been assigned more than one Resource ID (to deliver capacity), however, they can’t list multiple Resource IDs on their Supply Plan.

  **Response:** The implementation of the policy that has been developed for sub-set of hours RA, which is an active policy initiative that will go to the board in July, will likely address some of these issues.

- Market Participant must submit SLIC outages for periods of time when an intertie is de-rated or out-of-service. This is not a long term viable solution.

  **Response:** CAISO is considering a solution to handle when the inter-tie is out of service. However, there is no definitive answer when an inter-tie is de-rated, a SLIC ticket is still required.
 SCP I Enhancements BRS

- System to detect a “Forced” and “Planned” outage overlap. Only the MW de-rate in the Forced Outage beyond the overlapping planned outage will be considered as a true “Forced Outage”.

- The ISO will provide the ability to change a “forced” outage to an “ambient not due to temperature” outage or “ambient” outage to an “ambient not due to temperature” outage.
SCP II BRS

- Grandfathering provisions will exclude RA contracts executed prior to FERC determined date and expiring after December 31, 2010 from Availability Incentive Payments and Non-Availability Charges for the initial term of the RA contract.

- SCP Charges and Payments will apply to Resource Adequacy Resources whose Qualifying Capacity value is determined by historical output.

- Availability for a Resource Adequacy Resource shall be determined by:
  - Hourly Available Resource Adequacy Capacity = Min (RA Capacity, Max (Actual Energy, Proportional Derated Capacity))
    - RA Capacity = Resource Adequacy Capacity designated in the Supply Plan
    - Actual Energy = Total actual Energy delivered by the resource in the Availability hour
    - Proportional Derated Capacity = Resource’s Net Qualifying Capacity as reduced for that hour by the same percentage by which any Forced Outages or temperature-related ambient de-rates reduced the resource’s capacity from its PMax capacity

Further detail will be provided in external BRS for SCP II
2011 Availability Standards & Settlements Advisory Period

- 2011 Availability Standard
  - Publication of the standard on July 1, 2010 will use the existing formula.

- Settlement Advisory Period
  - Three month advisory settlement period for SCP II post 1/1/2011 implementation for the RA resources whose qualifying capacity is determined by historical output.
Post Process Updates

Kenneth Barrentine P.E.
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Model & Contract Implementation
Manual Process for Correcting Outage Causes

- The purpose of this process is to allow the correction of miss categorized outage that reduce RA capacity
- Decrease the number of disputes due to incorrect classification of outage cause, and
- Send out Correct T+7 Day Settlement Statements
- Example, an outage originally entered as:
  - Forced that should be an Ambient not due to temperature, or a Planned Outage
  - Ambient, due to temperature that should be and Ambient not due to temperature, or a Planned Outage
Manual Process for Correcting Outage Causes

Rules for changing outage causes:

- The correction must be sent to the appropriate mailbox (to be defined later), and
- The form provided must be filled out completely including a description of the outage, and
- The request must be received within five (5) Business days after the outage has been reported in SLIC
Manual Process for Correcting Outage Causes

1. Participant Fills out Form
2. Emails to predetermined Mailbox
3. Was request submitted in less than 5 Business days from SLIC Reported Date?
   - Yes: Is Form Complete?
     - Yes: Evaluate Change Request
       - Yes: Accept
       - No: Deny
     - No: Reject Change Request
   - No: Reject Change Request

- Send email Accepting Change Request
- Send email Rejecting Change Request
Questions

- Additional Questions:
  - SCPM@caiso.com

- SCP II Related Materials:
  - http://www.caiso.com/2479/2479e7362d1e0.html