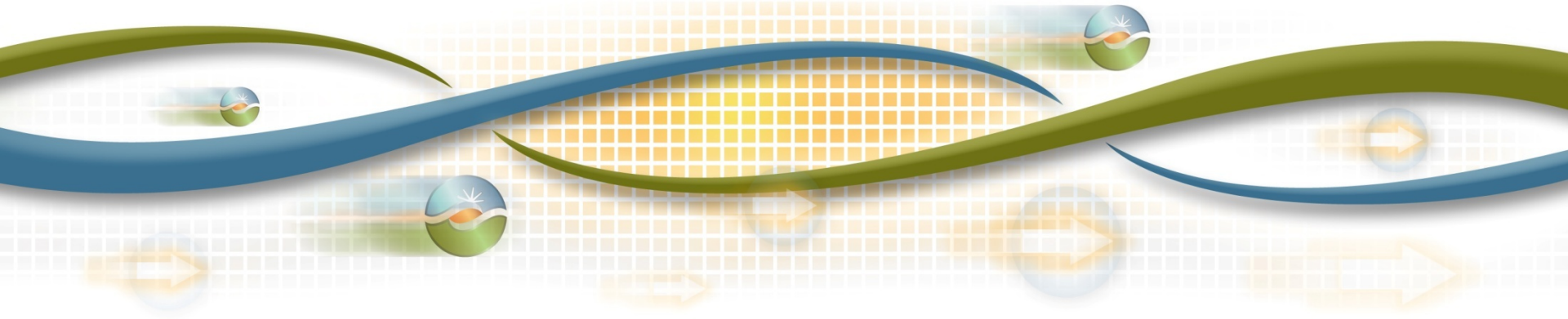# Reliability Services Initiative – Phase 2 Draft Final Proposal

February 2, 2016

Karl Meeusen, Ph.D.
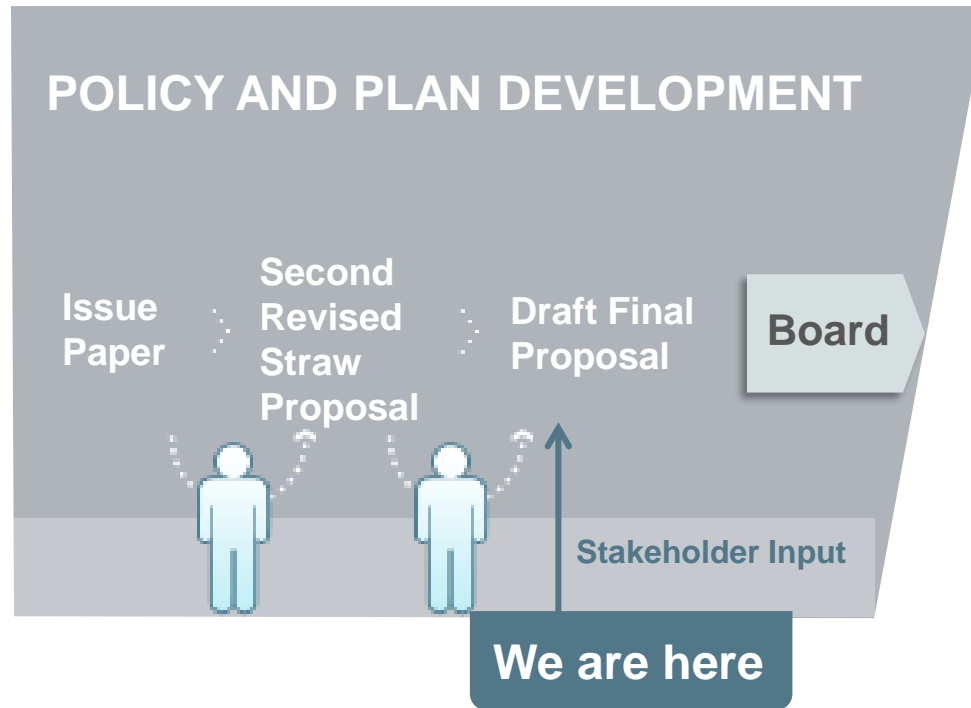
Senior Advisor, Infrastructure Policy

Stakeholder Meeting – Agenda – 2/2/16

Time	Topic	Presenter
9:00 – 9:05	Introduction	Tom Cuccia
9:05 – 9:25	Connections between Reliability Services Initiative – Phase 2, Commitment Cost Enhancements – Phase 3, and Bidding Rules	Kallie Wells and Cathleen Colbert
9:25 – 9:35	Summary of stakeholder comments	Karl Meeusen
9:35 – 10:00	LRA and ISO process alignment	
10:00 – 10:10	Planned outage substitution for flexible capacity	
10:10 – 10:45	Planned and forced outage substitute capacity in local capacity areas	
10:45 – 10:55	Updating EFC	
10:55 – 11:10	Combination flexible capacity resources	
11:10 – 11:20	Streamlining monthly RA showings	
11:20 – 11:30	Next Steps	Tom Cuccia

ISO Policy Initiative Stakeholder Process

POLICY AND PLAN DEVELOPMENT

Issue Paper → Second Revised Straw Proposal → Draft Final Proposal → Board

Stakeholder Input

We are here

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Timeline

Date	Reliability Services Initiative – Phase 2
January 26, 2016	Draft final proposal posted
February 2, 2016	Stakeholder call on draft final proposal
February 16, 2016	Stakeholder comments due on draft final proposal
TBD	Additional iteration if needed
June 28-29, 2016	Board of Governors

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The goal of this initiative is to continue improving aspects of the ISO's availability, outage substitution and replacement rules, and clarifying the RA process

1. Develop template that captures and codifies RA requirements contained in an LRA's RA program documentation
2. Develop planned outage substitute capacity rules for flexible capacity resources
3. Assess adequacy of existing planned and forced outage substitution rules for local capacity resources
4. Establish change management process for resources that require updated Effective Flexible Capacity (EFC) quantities
5. Design rules needed to apply RAAIM to combination flexible capacity resources
6. Streamline monthly RA showing process

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CONNECTIONS BETWEEN RELIABILITY SERVICES INITIATIVE – PHASE 2, COMMITMENT COST ENHANCEMENTS – PHASE 3, AND BIDDING RULES

Kallie Wells and Cathleen Colbert

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Addressing the interdependency of initiatives

- As of previous iterations in each initiative, topics addressed in Bidding Rules, Commitment Cost Enhancements phase 3, and RSI2 were inter-related

- Stakeholders have expressed concern around interdependency of these initiatives

- ISO is moving all related topics into CCE3 such that each initiative is a stand-alone policy
  - All three initiatives are in draft final proposal phase

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Bidding rules topic to CCE3

- Masterfile resource characteristic parameters
  - Market based maximum daily starts and ramp rate values

- Migrating to CCE3 ensures market-based values are implemented at same time as CCE3, and also allows for full understanding of how non qualifying limitations can be managed in ISO markets

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RSI2 topics to CCE3

- RAAIM treatment of use-limited resources when "use-limited reached" outage card submitted

- Masterfile changes that impact RA qualifications
  - CCE3 now encompasses Masterfile resource characteristics, therefore impact on RA qualifications due to changes of those characteristics is dependent on CCE3

- Migrating these two topics to CCE3 also ensures implementation dates are aligned

Addressing the interdependency of initiatives

Bidding Rules 1b	CCE3	RSI2
Energy bidding flexibility	Use-limited definition	LRA and LSE alignment
Re-bidding commitment costs	Opportunity cost methodology	Planned outage substitution for Flexible RA resources
~~Resource characteristics~~ →	Resource characteristics	Updating EFC
Generating bids for non-RA resources	Use-limited outage cards ←	~~Use-limited outage cards~~
Improve gas commodity price	MF changes for RA resources and RAAIM implications ←	~~MF changes for RA resources and RAAIM implications~~
Gas transportation adders		Combination resources
Energy Price Index		Annual and monthly RA showings
After the fact gas cost recovery		
Commitment cost mitigation		

Next Steps

CCE3

- Draft final proposal posted around Feb 18th
- Stakeholder call scheduled for Feb 25th
- March Board meeting

STAKEHOLDER COMMENTS

Karl Meeusen

Stakeholder Comments

- ISO and LRA alignment – Stakeholder :
  - CDWR and CPUC staff requested LRAs have additional ability to update data needed for RA programs and RA requirements
  - That the ISO not be permitted to require LRA data submissions
- Local and system RA showings – CDWR, SCE, and Calpine, request additional details regarding outage substitution for local resources on forced outage

Stakeholder Comments

- Applying RAAIM charges to Masterfile changes – Stakeholders requested additional details about how the ISO would apply RAAIM charges and what notification the ISO would provide of RAAIM exposure

- Use-limited resource outage cards – CLECA and CPUC staff seek clarification on application of use-limited resources outage cards

- Other – CPUC staff requests the ISO clarify linkages between aspects of RSI2 initiative and other ongoing initiatives

LRA AND ISO PROCESS ALIGNMENT

Proposal

- ISO's evaluations of RA showings must align with an LRA's methodology.

  – Without clear documentation about LRA methodology this may not be possible

- ISO utilizes default information until LRA provides details about RA program

- Goals:

  – Provide clear guidance and documentation on when LRA requirements or ISO default provisions apply

  – Ensure LRAs can easily overwrite default information with LRA specific information about RA programs

  – Minimize administrative burden of collecting data

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Updates to proposal

- Default information in place until LRA provides details about RA program
- Data needs broken into two types:
  - Initial RA framework submission and
    - Once an LRA submits a RA framework template to the ISO, the ISO will utilize that framework until LRA submits an update
    - This template will be included in the ISO's BPM
  - RA requirements submission detailing local and flexible RA obligations
    - Annual and monthly allocations
- LRA can submit or update templates annually and monthly
  - Updates for annual 30 days prior to annual showings
  - Updates to monthly templates/obligations by t-55 day before operating month

PLANNED OUTAGE SUBSTITUTION RULES FOR FLEXIBLE CAPACITY RESOURCES

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Proposal

- No change from previous proposal
- Substitute capacity confirm the resource is capable of meeting must-offer obligation for duration of resource outage
  - Ensure substitute provides comparable quality of flexible capacity to resource going on planned outage
  - This is comparable to requirement for flexible capacity on forced outages established in RSI1

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PLANNED AND FORCED OUTAGE SUBSTITUTE CAPACITY FOR RA RESOURCES IN LOCAL CAPACITY AREAS

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Proposal for local capacity resources on forced outages

- The ISO will only use designated local capacity, not total capacity of resource, to determine if an LSE has shown sufficient local capacity to meet its local capacity requirements

- Allow resources in a local area procured for system RA that go on forced outage to be substituted with another system resource to avoid RAAIM charges

- Resources can be shown with both system and local RA capacity

  – For partial outages and derates, system RA must be replaced first

The ISO will develop separate system and local RA showings and supply plans

- All capacity (MWs) on local RA showings and supply plans counts towards system needs
  - No need to include local capacity again on system RA showings or supply plans
- If there is a discrepancy between RA showing and supply plan (i.e. different quantities of local and/or system capacity) the ISO will notify both parties
  - If discrepancy remains unresolved ISO will maintain its current practice of defaulting to supply plan

PROCESS FOR UPDATING RESOURCES' EFC AND/OR OPERATIONAL PARAMETERS

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Updating resource EFCs during the year

- No change to previous proposal
- Several reasons a resource may request an EFC during the year
  - Switching from non-dispatchable to dispatchable,
  - Resource goes online,
  - Resource's NQC increases
- The ISO will update EFC only upon request from SC for resource
- Request must come either at same time or after the SC submits request to change NQC value

COMBINATION FLEXIBLE CAPACITY RESOURCES

Combination flexible capacity resources are currently exempt from RAAIM

- Combination flexible capacity resources are a pair of flexible capacity resources that individually do not meet requirements for a higher flexible capacity category, but when combined are able to meet requirements for higher category

- Revised tariff language in FRACMOO filing ensures that at least one of the combined resources is available to the ISO

- Needed tariff provisions and structure needed to apply RAAIM rules to combination flexible capacity have not been developed

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The ISO proposes to create a quasi-resource for the two resources in the combination

- No change to previous proposal
- This quasi-resource is used <u>only</u> for purposes of calculating RAAIM charges or payments
- Need for quasi-resources comes from need to capture both full system and flexible capacity obligations contained by combined resources
- No need to determine contribution of each resource because resources to have same SC
- Has no other implications to
  - Bidding behavior,
  - Dispatches, or
  - Other settlements for two resources in combination

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STREAMLINING THE MONTHLY RA SHOWING PROCESS

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The ISO proposes to automatically roll all RA showings made in annual plans into the monthly RA showing for all LSEs

- No changes to previous proposal

- As a general rule, SC representing a LSE would not be at risk of facing penalties under section 37.6 of the ISO tariff for a late or missing monthly RA plan because of rollover

- If an LSE's showing changes, the SC can submit new information into monthly RA showings 45 days prior to operating month

- If no action is taken by the LSE by 45 days prior to operating month, the ISO will use annual showing to for all RA assessments

The ISO does not propose to automatically roll resource supply plans into the monthly showings.

- Automatically rolling over supply plans is not comparable to rolling over RA showings

- Rolling over RA showings, LSEs could eliminate unnecessary penalties

  – For supply plans automation could result in unnecessary accidental penalties

- SCs for RA resources may still enter supply plans at same time that they are submitted in year ahead showing

NEXT STEPS

Tom Cuccia

Timeline

- RSI2 next steps
  - Stakeholder comments on straw proposal are due February 16, 2016; submit to initiativecomments@caiso.com
- June 28-29 Board of Governors
  - If needed, the ISO may issue a revised draft final proposal prior to Board

- CCE3 next steps
  - Draft final proposal posted around Feb 18th
  - Stakeholder call scheduled for Feb 25th
  - March Board meeting