

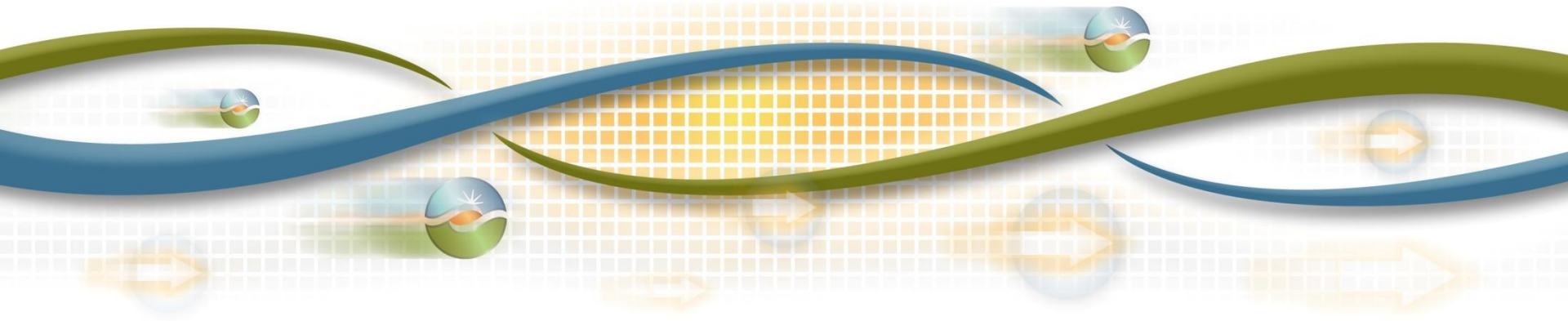


Reliability Services Initiative – Phase 2 Revised Draft Final Proposal

July 14, 2016

Eric Kim

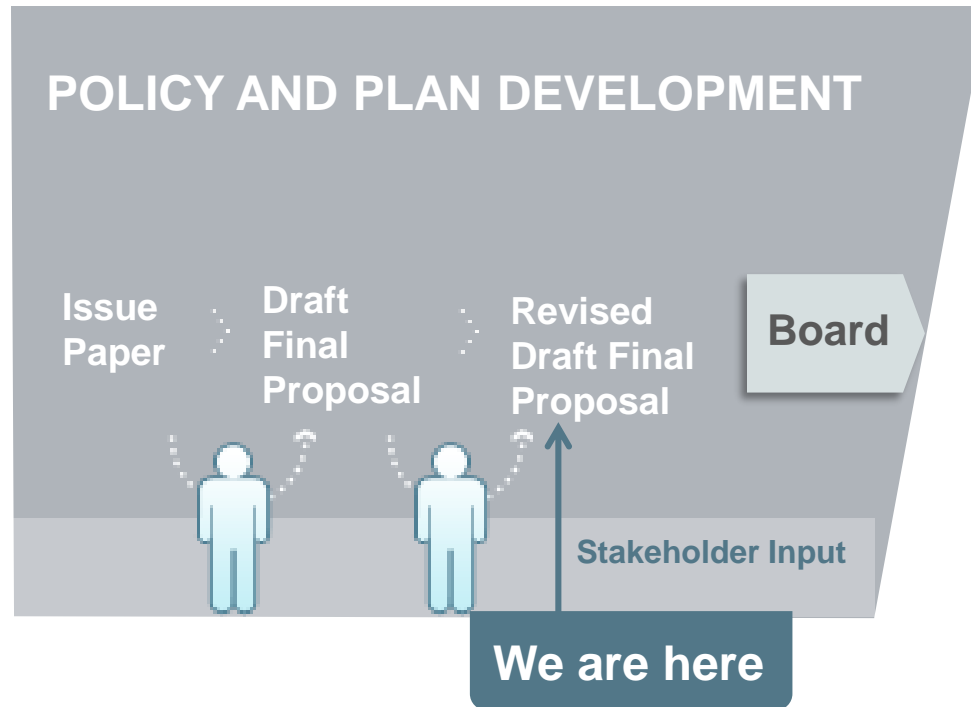
Market and Infrastructure Policy



Stakeholder Call – Agenda – 7/14/16

Time	Topic	Presenter
1:00 – 1:05	Introduction	Kim Perez
1:05 – 1:20	LRA and ISO process alignment	Eric Kim
1:20 – 1:40	Planned outage substitution for flexible capacity	
1:40 – 2:20	Forced outage substitute capacity in local capacity areas	
2:20 – 2:35	Updating EFC	
2:35 – 2:55	Combination flexible capacity resources	
2:55 – 3:20	Streamlining monthly RA showings	
3:20 – 3:50	RA showing requirements for small LSEs	
3:50 – 4:00	Next Steps	Kim Perez

ISO Policy Initiative Stakeholder Process



Timeline

Date	Reliability Services Initiative – Phase 2
July 7, 2016	Revised draft final proposal posted
July 14, 2016	Stakeholder call on draft final proposal
July 26, 2016	Stakeholder comments due on draft final proposal*
Aug 31- Sep 1, 2016	Board of Governors meeting

** The ISO has extended the stakeholder comment due date*

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

1. *(Modified)* The ISO is no longer developing a 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. *(Modified)* The ISO is no longer proposing to roll over monthly RA showings but has developed a process to track and identify missing RA showings
7. *(Transferred from FRACMOO 2)* Establish RA showing requirements for small LSEs

LRA AND ISO PROCESS ALIGNMENT

Background on LRA and ISO process alignment

- The goal was to provide LRAs and market participants clear guidance on when LRA requirements or ISO default provisions apply.
- Would allow market participants to better understand their obligations under the ISO tariff and mitigate potential deficiencies.

Stakeholder comments

- SCE notes the benefits from the alignment between ISO and LRAs.
- SDG&E suggests the ISO establish and add process and timeline to renew and update the template to accommodate LRA changes.
- The CPUC opposes any potential tariff changes.

Proposal

- Initially, proposed to standardize the reporting of RA program requirements to facilitate LRAs and LSEs.
- No longer proposing to develop a template that would require LRAs and LSEs to provide the ISO details of their RA program.
 - Due to the current direction of policy development in the Regional RA initiative, where some detailed information on the specific elements of each LRA's RA program may not ultimately be needed.

PLANNED OUTAGE SUBSTITUTION RULES FOR FLEXIBLE CAPACITY RESOURCES

Background on planned outage substitution rules for flexible capacity resources

- The ISO will allow the SC to provide substitute capacity for planned outages of flexible RA capacity.
- Any substitute capacity must comply with the flexible RA category must-offer requirements of the resource on outage.
- The ISO's intent is to ensure that any substitute capacity is able to provide flexible capacity (*i.e.* similar flexible capacity must offer obligation) to the resource going on a planned outage.

Stakeholder comments

- Six Cities supports the ISO's proposal for allowing substitution for flex capacity resources on planned outage.

Proposal

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

FORCED OUTAGE SUBSTITUTE CAPACITY FOR RA RESOURCES IN LOCAL CAPACITY AREAS

Background on planned and forced outage substitute capacity for RA resource in local capacity areas

- Currently, RA resources in local capacity areas that go on a forced outage must provide substitute capacity that is also located in a local capacity area or be subject to availability charges.
- The Straw Proposal outlined four options in which the ISO proposed to incorporate an additional flag to track system and local procurement.

Stakeholder comments

- SCE, NRG, Six Cities and Calpine support this element of the proposal, but request some clarification on implementation.
- SVP suggests that the ISO refrain from creating separate templates to report system and local LRA showings.
- SDG&E disagrees with the ISO's proposal to unbundle local and system RA attributes.

Proposal

- No change from previous proposal.
- The ISO will only use designated local capacity, not total capacity of a 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 RAIM 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 requirements.
- 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.
- System and local RA showings will be built into the existing template.

PROCESS FOR UPDATING RESOURCES' EFC AND/OR OPERATIONAL PARAMETERS

Background on process for updating resources EFC and/or operational parameters

- Now that flexible capacity requirements are in place, the ISO has identified a need to improve the EFC calculation and change management process.
- There are several reasons a resource may request an EFC during the year.
 - Switching from non-dispatchable to dispatchable,
 - Resource goes online,
 - Resource's NQC increases

Stakeholder comments

- SCE has no issues with this element of the proposal.
- SDG&E suggests using the same process in the CIRA tool for EFC updates that the ISO uses for NQC updates.
- Six Cities recommends that the ISO target publication of revised NQC and EFC lists by T-45 days while PG&E suggested collaboratively setting the deadline.

Proposal

- No change to previous proposal.
- 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

Background on combination flexible capacity resources RAIM exemptions

- Originally, the ISO had proposed that both resources in the combination be subject to the economic bidding must-offer obligations.
- Six Cities asserted that the ISO should not hold both resources in the combination to the flexible capacity must-offer obligation.
- The ISO agreed to clarify the tariff to state that at least one of the resources in the combination must provide economic bids during the must-offer obligation window.

Stakeholder comments

- Six Cities supports applying RAIM to combination flexible capacity resources.
- SDG&E suggests that the ISO monitor and report the use of short-term use limitation and monitor if a poor performing resource of the combined resource is not being penalized.

Proposal

- No change to previous proposal
- The ISO proposes to develop a calculation that treats both resources in the combination as a single resource solely for the purposes of determining RAIM charges or payments.
- The proposal will replace the temporary exemption for combination flexible capacity resources from the RAIM calculation.

Proposal

- Need for quasi-resources comes from need to capture both system and flexible capacity obligations contained by combined resources
- Has no other implications to
 - Bidding behavior,
 - Dispatches, or
 - Other settlements for two resources in combination

STREAMLINING THE MONTHLY RA SHOWING PROCESS

Background on streamlining the monthly RA showing process

- Each year, LSEs are required to submit year ahead RA showings. Monthly RA plans are currently due at t-45 days before the operating month.
- Any monthly RA showing that is submitted after t-45 days will incur a penalty of \$500 per day until the RA plan is submitted.
- The Small POU Coalition requested the ISO look at the process and penalties for only small POU.

Stakeholder comments

- NRG believes that suppliers should be allowed to have their plans be automatically rolled over from the annual to monthly RA plans.
- SVP suggests automatically rolling over annual resource supply plans into the monthly showings, as well as annual RA showings.
- Six Cities supports the ISO's proposal to automatically roll all RA showings made in annual plans into monthly showings for all LSEs.

The ISO is no longer proposing to automatically roll LSE's annual RA showings into the monthly showings.

- The ISO has built an internal reporting tool in CIRA that provides a list of LSEs that have not submitted their RA showings at t-44, a day after the RA showings deadline.
- ISO client service representatives already have in place but is looking to further develop a process to notify all LSEs, regardless of size, that have not submitted an RA showing.
- LSEs have the ability to submit monthly RA showings up to a year in advance.

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

- For supply plans automation could result in unnecessary accidental penalties.
- SCs for RA resources may still enter monthly supply plans up to a year in advance.

RA SHOWING REQUIREMENTS FOR SMALL LOAD SERVING ENTITIES

Background on RA showing requirements for small LSEs

- This issue was transferred from the FRACMOO Phase 2 initiative.
- The ISO tariff provides an exemption from RA showings for small LSEs if measured demand for the previous year was less than one MW.
- Although this waiver provides some relief for small LSEs, it still leaves many LSEs with off-peak monthly RA requirements of less than one MW that must be fulfilled.

Stakeholder comments

- NCPA, NRG, Six Cities and Small POU Coalition support this element of the proposal.
- SDG&E wants to understand the magnitude of small LSE requirements.
- PG&E does not support different RA showing requirements for small LSEs.

Proposal

- An LSE with a measured peak demand of greater than one MW but with a monthly RA requirement for a specific month and a specific RA product less than one MW to be exempted from submitting a monthly RA showing.
- An LSE that is exempted from the showing will not be penalized the missed RA showing penalty.
- Not proposing to exempt LSE from potential backstop procurement costs.

Proposal

- Proposing to exempt LSEs with the largest forecasted contribution to the maximum three hour net load ramp of less than one MW from making a flexible RA showing.
- Also proposing that an LSE will be exempted from submitting an RA showing for flexible RA in a particular month only if the *total* flexible RA requirement for the LSE is less than one MW.
 - The LSE is not exempted if only a specific category of flexible capacity is less than one MW.

NEXT STEPS

Kim Perez

Timeline

- RSI2 next steps
 - Stakeholder comments on straw proposal have been extended and are now due on July 26, 2016.
 - Please submit all comments to initiativecomments@caiso.com
- Aug 31 – Sep 1 Board of Governors