

Comments on CAISO's Contingency Modeling Enhancements Straw Proposal

July 1, 2013

On June 18, 2013, CAISO posted the Contingency Modeling Enhancements (CME) revised Straw Proposal and Stakeholder Comment Matrix. On June 25, 2013, CAISO hosted a stakeholder meeting to review the revised Straw Proposal. California Department of Water Resources State Water Project (SWP) appreciates the opportunity to provide comments.

Summary:

The WECC SOL Standard requires Transmission Operators to transition the system back to a normal-secure state within 30 minutes of a system disturbance. Currently, CAISO accomplishes this through the use of MOC constraints, Exceptional Dispatches (ExDs), and 10 minute reserves. The CME proposal introduced a Preventative-Corrective Constraint (PCC) solution which positions units through re-dispatch to ensure the needed ramping capabilities exist within the 30 minute limit and provides compensation for corrective capacity through a Locational Marginal Capacity Price (LMCP).

Comments:

1. SWP appreciates the CAISO's efforts in creating a prototype to provide a realistic example to demonstrate how the PCC will function; however, the revised straw proposal stated the study will take approximately two months, yet no changes were made to the CME milestone dates. SWP requests that the CAISO postpone the issue of the draft final proposal until the prototype is complete and the results are available for stakeholders to review and better understand the cost implications and reliability benefits of the CME proposal.
2. In the revised straw proposal CAISO provided the 2012 costs for SOL related ExDs; however no costs were provided for SOL related MOC's. What are the costs associated with SOL related MOC Constraints?
3. The 2013 Quarter-1 DMM Report noted that ISO operators increased the Residual Unit Commitment (RUC) and Flexible Ramping Capacity (FRC) requirements in the first quarter of 2013 which reduced the amount of ExD energy and commitments. SWP has observed significant increases in the costs for RUC and FRC in the first quarter of 2013, will the implementation of the CME reduce the RUC and FRC requirements?

If the CME is implemented, SWP requests that DMM include in its quarterly reports, (1) Cost and MWh reduction amounts of SOL related ExDs and MOC Constraints and (2) Average costs of corrective-capacity compared to average costs of Spinning and Non-spinning reserves. If costs for corrective-capacity becomes unreasonable and no significant decreases in ExDs and MOC

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Constraints is observed, ISO should suspend the use of the PCC and revisit the idea of modifying existing AS procurement rules.

4. Are there calculations based on the effectiveness factor that would limit the quantity of corrective-capacity being paid?
5. CAISO should allocate costs based on the ISO's cost allocation principles. Unless CAISO can verify that the benefits are system-wide through the results of the prototype analysis, SWP does not support a system-wide cost allocation.