

Stakeholder Comments Template

Subject: Reactive Power and Financial Compensation

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the Draft Straw Proposal for the Reactive Power initiative that was posted on August 13th, 2015.¹ Upon completion of this template please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **September 3, 2015**.

1. Please provide feedback on the financial compensation for reactive power.

CDWR does not support any form of capability payments to resources for meeting standard reactive power requirements, regardless of how limited in scope these payments may be.

CDWR supports provision payments to cover variable costs when resources provide or absorb “extra” reactive power outside of the standard requirements.

CDWR believes the current allocation of provision payments for reactive power is unfair. Reactive power is a necessity to having a stable system. That is why there are reactive power provision rules in the CAISO tariff.² The burden of paying for extra reactive power, when occasionally needed, should not fall entirely on load, simply to keep cost allocation “consistent” with how it has been done before. The CAISO should acknowledge that having enough reactive power capability is in the best interest of all resources – generators, loads, exports, and imports. Therefore, the cost of providing or absorbing “extra” reactive power should be allocated among all resources within a specific region, not just CAISO load in general.³

¹ http://www.caiso.com/Documents/StrawProposal_ReactivePowerRequirements_FinancialCompensation.pdf

² *Id.* at Appendix A

³ DWR recognizes that reactive power costs are region specific. Therefore, to follow the cost causation principle, these extra reactive power costs should be allocated to the utility (ies) responsible for maintaining sufficient reactive power. This is currently how the cost of RMR contracts is allocated (Tariff Section 41.7).

Similar to how the flexible ramping product will be allocated to all resources based on movement, reactive power payments should be allocated with an appropriate metric. At a minimum, reactive power costs can be allocated evenly between two groups: generators/imports and loads/exports. Allocation to resources within each group can be based on its relative share of generation or demand. Only after the CAISO's Cost Allocation Guiding Principles⁴ have been vetted and those results shared with stakeholders, can the CAISO state that cost allocation of reactive power "conforms" to its Cost Allocation Guiding Principles.

2. Please provide feedback on the effective date proposal.

CDWR supports the effective date to begin with interconnection customers in the first queue cluster having an interconnection request window following the effective date of tariff revisions.

3. Please provide any additional feedback on the reactive power technical requirements.

CDWR supports uniform standard reactive power requirement for all resources, both synchronous and asynchronous resources.

4. Additional comment on Reactive Power Draft Straw Proposal.

Any load that provides reactive support should not be charged for it. Equal treatment for resources providing this service and CAISO's adopted cost allocation principles should apply.

⁴ <http://www.caiso.com/Documents/DraftFinalProposal-CostAllocationGuidingPrinciples.pdf>