

CPUC Staff Comments on the Reliability Services Initiative (RSI) - Phase 2 Revised Draft Final Proposal

Submitted by	Company	Date Submitted
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CPUC Staff appreciates the opportunity to comment on the Revised Draft Final Proposal for the RSI Phase 2 initiative and conclude that while many aspects of this proposal seem ready for CAISO Board review and approval, at least one of the more controversial elements requires more analysis and stakeholder discussion. As requested in the comments template, listed below are elements of the proposal along with the CPUC’s Staff position:

1. Clarify Local Regulatory Authority (LRA) interaction and process alignment. CPUC Staff appreciates that in the revised proposal, CAISO is no longer proposing to develop a template that would require LRAs and LSEs to provide the ISO details of their RA program. CPUC Staff opposed the template requirement and appreciates that it has been dropped from the proposal.
2. Substitution for flexible capacity resources on planned outage. No additional comments on the revised proposal.
3. Separate local and system RA for purpose of forced outage substitution. The written proposal and the CAISO presentation at the stakeholder working group leave some ambiguity regarding the intent of this proposal and when the new rules would apply and does not seem to represent a “final” analysis of a need or final proposal to fix an existing problem. CPUC Staff believes that this aspect of the revised RSI 2 proposal requires further discussion with stakeholders and a refined and clarified proposal before going to the Board. CPUC Staff is supportive of CAISO’s goal, as we interpret it—to ensure that unmitigated reliability problems are not created from forced outages for resources in local areas—but we are not certain that this proposal achieves that goal.

While we can interpret the CAISO’s intentions regarding this proposal, they are still unclear, and stakeholders are divided on how to achieve what CAISO is aiming for in a fair manner. We suggest that CAISO hold a working group meeting on this topic to discuss hypothetical situations related to forced outages and potential solutions that are workable and mutually agreed upon. CPUC Staff is supportive of SDG&E’s proposal that suggests CAISO should revisit whether local capacity replacement is “needed” in each forced outage situation. If there is sufficient local capacity, then the local resource would only need to substitute with system capacity if there is insufficient total system capacity.

Also, CPUC Staff request that CAISO clarify the following through the next draft proposal, and through the working group we have requested:

- a. Do proposed rule changes apply only to forced outages, and never planned outages?
- b. Does the CAISO does expect the LSEs to change how their monthly and annual filings are structured to conform to this proposal?
- c. If this proposal is adopted, would the CAISO continue to assess any reliability needs in a local area (leading to a potential CPM) by taking into account *every resource* shown on a supply plan that is physically located in that local area, *regardless of how the resource is shown*? Would the CAISO only “release” generators to go on planned outages after that assessment is completed?

CPUC Staff has no comments on other aspects of the revised proposal.