

# Comments on Black Start and System Restoration Phase 2 Draft Final Proposal

Department of Market Monitoring  
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The Department of Market Monitoring (DMM) appreciates this opportunity to comment on the Black Start and System Restoration Phase 2 Draft Final Proposal. The ISO's proposal describes changes to the ISO's current black start service procurement and compensation practices. Specifically, the ISO proposes to secure additional black start capacity through "an open and transparent competitive procurement process" and then allocate the incremental costs of providing black start capability to the Participating Transmission Area where the incremental black start capacity will be providing black start system restoration capability.<sup>1</sup>

A lack of significant competition for providing black start capability may result in an uncompetitive outcome without additional market power mitigation measures. The ISO has included several measures intended to mitigate market power in this draft final proposal. First, the ISO proposes that a PTO will not be allowed to help choose the winning black start capacity proposals if that PTO is associated with an entity that submitted a proposal. Second, the ISO proposes to use a cost of service model as a basis for both black start service offer evaluation and black start service provision compensation. Specifically, the ISO proposes to consider technical criteria, cost of black start service procurement and ongoing provision as well as existing assurances that the resource will continue to operate over the term of the black start agreement. DMM supports each of these measures.

It is DMM's understanding that the ISO intends that any accepted offer will be reviewed by FERC to ensure that is reasonable. DMM recommends that the ISO clarify in the Final Proposal presented to the ISO's Board any other processes that the ISO is proposing to use to evaluate whether black start service offers or provision costs are reasonable before the final selected offers are sent to FERC.

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<sup>1</sup> Black Start Draft Final Proposal:  
[http://www.caiso.com/Documents/DraftFinalProposal\\_BlackStart\\_SystemRestorationPhase2.pdf](http://www.caiso.com/Documents/DraftFinalProposal_BlackStart_SystemRestorationPhase2.pdf)