

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

OFFICE OF ENERGY MARKET REGULATION

In Reply Refer to:
California Independent System
Operator Corporation
Docket No. ER13-69-000
December 10, 2012

Alston & Bird LLP
The Atlantic Building
950 F Street, NW
Washington, DC 20024

Attention: Bradley R. Miliauskas, Esq.
Attorney for California Independent System Operator Corporation

Reference: Deficiency Letter

Dear Mr. Miliauskas:

On October 10, 2012, you submitted, on behalf of California Independent System Operator Corporation (CAISO), proposed tariff revisions to implement an alternative mode of CAISO's existing real-time contingency dispatch (RTCD) of resources in the CAISO markets, titled real-time disturbance dispatch (RTDD), to address certain reliability concerns detailed in your filing. According to your submittal, the proposed tariff revisions will allow CAISO the discretion to use RTDD to address large-scale contingency events that require 300 MW or more of generating capacity by prioritizing resources with awarded operating reserves over energy-only resources. CAISO will then dispatch energy bids from operating reserves in merit order followed by the merit order dispatch of non-operating reserves, based on the available MW within the resource's 10-minute ramping capability. CAISO claims that its proposal to implement RTDD will enhance its ability to respond quickly to large-scale contingency events and ensure that it continues to satisfy the North American Electric Reliability Corporation's (NERC) Reliability Standard on Disturbance Control Performance (BAL-002-1).¹

¹ CAISO explains that NERC Reliability Standard BAL-002-1 requires a balancing authority area to recover its area control error within 15-minutes of the start of

Please be advised that your filing is deficient and additional information is required by the Commission to evaluate your submittal.

- (1) CAISO stated that in “most cases” during four of the six days studied, energy-only resources provided less than 50 percent of the amount of requested response.² CAISO also indicates that “in a small number of cases” operating reserves awards did not respond to contingency dispatch instructions.³ Please indicate the number of times each type of resource successfully responded to a dispatch instruction, and the number of times and, if known, the reason each type of resource failed to successfully respond to the dispatch instruction over the six-day period.
- (2) CAISO stated that the six days it cites as support represent the comprehensive set of data from all of the days relevant to the disturbance dispatch proposal because they were the only days on which CAISO experienced major contingencies.⁴ Please explain and provide the MW levels of the major contingencies that occurred on the six days that were evaluated. If possible, please provide the amount of MW without providing any information that CAISO deems as confidential or resource-specific data.
- (3) CAISO indicated that it has become increasingly concerned that it may not be able to continue to meet the NERC Reliability Standard on Disturbance Control Performance or BAL-002-1 based on its experience with energy-only resources during major contingency events. Please explain whether the perceived deficiencies with energy-only resources are limited to major contingency events or whether energy-only resources routinely fail to adequately respond during all uses of RTCD. Also, in your explanation, please indicate how much capacity CAISO had to over procure during the past 12 months.
- (4) CAISO’s proposal for RTDD uses a 300 MW threshold which CAISO claims is approximately equal to 80 percent of the most severe single contingency for the

a reportable disturbance, which is defined as a contingency that is greater than or equal to 80% of the most severe contingency. Transmittal Letter at 2.

² Transmittal Letter at 3.

³ CAISO Answer at 7 n.12; *see also* Transmittal Letter at 3.

⁴ CAISO Answer at 15; Phipps’ Declaration at P 4.

San Diego sub-region in California.⁵ CAISO also stated that it would not object to adopting a 480 MW threshold as a target unless fact-specific circumstances would require it to use a different threshold.⁶ Please describe and include the MW value of the single most severe contingency in the San Diego sub-region and all other sub-regions in California. Please explain why the use of a 300 MW or a 480 MW threshold for all regions is appropriate. Specifically, please explain why a threshold value based on the smallest sub-region of California is appropriate for other sub-regions in which the most severe single contingency is larger. If CAISO generally adopted a 480 MW threshold, what types of fact-specific circumstances would it evaluate to determine whether a different threshold should be used?

- (5) Why are the non-qualified resources not responding appropriately to their dispatch instructions? Are these resources being dispatched outside of their physical capabilities? Alternatively, are these resources being dispatched within their physical limits and not responding for some other reason? What penalties are currently in place to discourage a resource from not following dispatch instructions in such an event? Finally, although these non-responsive, energy-only resources are not dispatched to provide operating reserves in a particular hour, is it true that these resources are also not certified to provide operating reserves and 10-minute dispatch response?
- (6) Under the proposed RTDD, resources will be dispatched in a different order than under RTCD. Please explain how resources responding to a contingency event under RTDD will still be deliverable. Please also explain if transmission capacity in any of the regions in California will limit the deliverability of these resources.
- (7) Please provide an estimate of the cost impact if the six major contingency events cited had been solved via the RTDD rather than using the existing RTCD that is currently in use. Please provide an estimate for the impact on market prices and cost to load.

This letter is issued pursuant to delegated authority, 18 C.F.R. § 375.307(a)(1)(v) (2012) and is interlocutory. This letter is not subject to rehearing pursuant to 18 C.F.R. § 385.713. CAISO must respond to this letter within 30 days of the date of this letter by making an amendment filing in accordance with the Commission's electronic tariff

⁵ Transmittal Letter at 5.

⁶ CAISO Answer at 24.

requirements.⁷ Please also email an additional electronic copy of the response to Kimberly Vendryes at Kimberly.Vendryes@ferc.gov.

The electronic tariff filing requested in this letter will constitute an amendment to your filing and a new filing date will be established, pursuant to *Duke Power Co.*, 57 FERC ¶ 61,215 (1991). A notice of amendment will be issued upon receipt of your response.

In addition, please provide a copy of the response to all parties that have either requested or been granted intervention in this proceeding. Failure to respond to this letter within the time period specified may result in an order rejecting the filing. Until receipt of the amendment filing, a filing date will not be assigned to your filing.

Sincerely,

Steve P. Rodgers, Director
Division of Electric Power
Regulation – West

cc: All Parties

⁷ *Electronic Tariff Filings*, 130 FERC ¶ 61,047, at P 3-8 (2010) (an amendment filing must include at least one tariff record even though a tariff revision might not otherwise be needed).