Dynegy Comments on Tariff Clean-Up Blacklines - November 23, 2010

A general comment: when the CAISO publishes black-lined tariff language for review, could it please do so in Word format, so stakeholders can more easily mark up the language?

In this document –

*Dynegy's comments or questions are in **bold, italicized text.***

Normal text, red or black, including some struck-out language, is CAISO-proposed language. Language deleted by or added by Dynegy is in strikeout or **bold underline**.

- ***Given that CAISO is adopting the term "Transmission Constraints", it should replace the term "network constraints" in Sections 8.3.3.5, 27.5.1.1, 27.5.2, 27.5.3, 31.3.3, 31.5.4 and 34.3.3 with the new defined term "Transmission Constraints" , or else explicitly differentiate between "Transmission Constraints" and "network Constraints."***

- ***Proposed changes to 6.5.4.2.2 (replacing "at thirty minutes" with "no later than 40 minutes") is more than just a clarification. Please explain.***

- 8.3.1 - The amount of Ancillary Services procured in the HASP and Real-Time Market is based upon the CAISO Forecast of CAISO Demand for the Operating Hour ~~and RTUC Time Horizon~~, ~~respectively~~, net of Self-Provided Ancillary Services. ***(Should delete "respectively" if deleting "and RTUC Time Horizon".)***

- ***The proposed edits in the last paragraph of 8.3.1 are a reminder that the CAISO has not yet fully followed through with the requirements of FERC's 2005 order regarding competitive procurement of voltage support and black start services.***

- 8.9.15.2. "In addition, the sanctions described in Section 8.9.16 shall come into effect." ***Because they are part of the CAISO tariff, the sanctions in 8.9.16 are already in effect. Does the CAISO mean: "In addition, the sanctions described in Section 8.9.16 shall also be applied."?***

- 9.5.2 ***Publication to website – add "CA" to ISO in last line.***

- 11.5.2 – ***the "t" in the last line inserted should be capitalized.***

- 11.10.3.2 – Proposed edits: The Scheduling Coordinator's total Operating Reserve Obligation for the hour is the sum of five (5) percent (5%) of its Real-Time Demand (except the Demand covered by firm purchases from outside the CAISO Balancing Authority Area) met by Generation from hydroelectric resources plus seven (7) percent (7%) of its Demand (except the Demand covered by firm purchases from outside the CAISO Balancing Authority Area) met by Generation from non-hydroelectric resources, plus one hundred (100) percent (100%) of any Interruptible Imports, which can only be submitted as a Self-Schedule in the Day-Ahead Market, **plus** ~~and~~ **its scheduled** on-demand obligations.~~which it schedules.~~

- **11.10.9.4 Allocation of Rescinded Ancillary Services Capacity Payments**
  Payments rescinded pursuant to Sections 8.10.8 and 11.10.9 shall be allocated to Scheduling Coordinators in proportion to their Ancillary Services Obligation CAISO Balancing Authority Area Measured Demand for the same Trading Day. Regulation capacity payments rescinded pursuant to Section 8.10.8.6 shall be allocated to Scheduling Coordinators in proportion to CAISO

Balancing Authority Area metered CAISO Demand for the same Trading Day.

This is more than a "clarification" – it is a change in policy and practice. Why is the proposed allocation period the entire Trading Day and not the hour in which the payments were rescinded? And if rescinded AS payments are allocated in proportion to AS Obligation, why are rescinded regulation payments still allocated based on metered CAISO Demand?

- *The proposed changes to 22.11.1.2, 22.11.1.4, and 22.11.1.8 would delete the CAISO's requirement to submit a BPM PRR impact analysis. Why is the CAISO proposing this change, which goes beyond just a "clean-up"?*

- 27.1.1.3 Marginal Cost of Congestion
  The Marginal Cost of Congestion at a PNode reflects a linear combination of the Shadow Prices of all binding Transmission Constraints in the network, each multiplied by the corresponding Power Transfer Distribution Factor (PTDF). The Marginal Cost of Congestion may be positive or negative depending on whether a power injection (i.e., incremental Load increase) at that Location marginally increases or decreases Congestion. *(The "s" after Constraint in the first section should not be struck).*

- 30.7.3.1, et al: The CAISO will not insert or extend a Spinning Reserve ~~and~~ **or** Non-Spinning Reserve Ancillary Service Bid at $0 in the Real Time Market for any certified Operating Reserve capacity of a resource unless that resource submits an Energy Bid and fails to submit an Ancillary Service Bid in the Real Time Market.

- 30.7.6.1: If an AS Bid or Submission to Self-Provide an AS is submitted in the HASP or Real-Time Market for Spinning Reserve and Non-Spinning Reserve with only a partial Energy Bid for the AS capacity, the CAISO will generate an Energy Bid for the uncovered portions. If a Submission to Self-Provide an Ancillary Service is submitted in the HASP or Real-Time Market for Spinning Reserve and Non-Spinning Reserve with only a partial Energy Bid for the AS capacity bid in, the CAISO will not generate or extend an Energy Bid for the uncovered portions. *(Why the different treatment?)*

- The CAISO will not insert a Spinning Reserve ~~and~~ **or** Non-Spinning Reserve Ancillary Service Bid at $0 in the Real Time Market for any certified Operating Reserve capacity of a resource unless that resource submits an Energy Bid but fails to submit an Ancillary Service Bid in the Real Time Market.

- 34 – *missing the word "interval"* - In any given five-minute **interval**, ~~t~~The RTD optimization looks ahead over multiple five minute intervals ~~utilizes up to a sixty-five (65) minute Time Horizon (thirteen (13) five (5) minute intervals)~~,

- 34.3.1 RTED mode of operation for RTD normally runs every five (5) minutes starting at approximately 7.5 minutes prior to the start of the next Dispatch Interval and produces ~~a~~ binding Dispatch Instruction**s** for Energy for the next Dispatch Interval and advisory Dispatch Instructions for multiple Dispatch Intervals over the RTD through at least the next Trading Hour.

- 34.5 In each run of the RTED or RTCD the objective will be to meet the projected Energy requirements over **the** applicable forward-looking time period of that run,… *(if you want to get picky, "forward-looking", as a compound modifier, probably should be hyphenated.)*

- 34.9.2. *The proposed insertion of the phase "*perform **periodic testing of Generating Units, including** PMax testing*" may not be contentious if the periodic testing the CAISO has in mind is testing requested by the Generating unit owner, but could be controversial if it*

refers to testing that would take place at the CAISO's request (and therefore could expand the CAISO's use of exceptional dispatch). Can the CAISO clarify what it intends?

- 34.16.3.4. (b) - The CAISO may Dispatch Generating Units to increase or decrease MVar output within ~~the~~ established power factor limits ~~of 0.9 lagging to 0.95 leading~~ (or within other limits specified by the CAISO in any exemption granted pursuant to Section 8.2.3.3 ~~of the CAISO Tariff~~) at no cost to the CAISO when required for System Reliability~~;~~. ***Striking the express limitations on the CAISO's right to dispatch reactive power and replacing those limitations with an unspecified reference to "established" power factor limits warrants further discussion.***

- 34.16.3.4 (c) *mis-spells "Tariff"*

- 37.2.1.1 – *Dynegy appreciates the proposed clarifying addition to this section.*

- **39.7.1.2 LMP Option**
  The CAISO will calculate the LMP Option for the Default Energy Bid as a weighted average of the lowest quartile of LMPs at the Generating Unit PNode in periods when the unit was Dispatched during the preceding ninety (90) day~~s~~ period for which LMPs that have passed the price validation and correction process set forth in Section 35 are available.   ***This is more than a "clean-up", but given that the price correction process ends at 1700 hours of the eighth calendar day after the Trading Day, this should not impose a huge delay.***