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Comments of Northern California Power Agency CAISO Tariff Clarifications Filing

November 24, 2010

Northern California Power Agency ("NCPA") provides the following comments on the CAISO's proposed Tariff Clarifications Filings.

- **Section 30.7.3.1 – Validation Prior to Market Close and Master File Update**

NCPA proposes the following language be added to the new language proposed by the CAISO:

The CAISO will not insert or extend any Bid for Regulation Up or Regulation Down in the Real Time Market for a Use-Limited Resource, or a resource designated as a Load-following resource as provided in Section 4.9, except as provided in Section 40.6.8.

The concept added here in which a load following resource is not subject to the Regulation Up or Regulation Down Bid extension is consistent with SIBR Rules Version 3.10.8.5 Business Rules No. 41501, 41502, 41503 and 41504. These SIBR rules state that the Generating Resource "is not registered as both a LFR and a ULR for that Trading Hour..."

- **Section 30.7.6.1 – Validation of Ancillary Services Bids**

NCPA proposes the following language be added to the new language proposed by the CAISO:

Notwithstanding any of the provisions of Section 30.7.6.1 set forth above, the CAISO will not insert or extend any Bid for Regulation Up or Regulation Down in the Real Time Market for a Use-Limited Resource, or a resource designated as a Load-following resource as provided in Section 4.9, except as provided in Section 40.6.8.

NCPA requests this change for the same reason stated above.

- **Section 30.7.3.1 & 30.7.6.1**

CAISO proposes to add the following language to Section 30.7.3.1 and Section 30.7.6.1:

[Section 30.7.3.1] The CAISO will not insert or extend a Spinning Reserve and 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.

[Section 30.7.6.1] The CAISO will not insert a Spinning Reserve and 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.

NCPA seeks clarification regarding the elements that trigger Spinning Reserve and Non-Spinning Reserve Ancillary Service Bid extensions or insertions as described in the new language proposed. Per review of SIBR Business Rules No. 41506 and 41507 NCPA is not clear as to all elements that trigger such Bid extensions or insertions, but NCPA understands that one additional element or concept needs to be added to the language to ensure the language is consistent with current business practice. The language implies that a Spinning Reserve and Non-Spinning Reserve Ancillary Service Bid will be extended or inserted for the full range of the resource's certified Operating Reserve capacity if that resource submits an Energy Bid in the Real Time Market but fails to submit an Ancillary Service Bid in the Real Time Market. NCPA understands that such Ancillary Service Bid extensions or insertions would only be triggered if the resource was awarded either Spinning Reserve or Non-Spinning Reserve Capacity (including Self-Provided Capacity) in the Day Ahead Market for an amount that was less than the resource's certified Operating Reserve capacity. NCPA also understands that if the resource did not offer and/or was not awarded either Spinning Reserve and Non-Spinning Reserve capacity in the Day Ahead Market SIBR Rules No. 41506 and 41507 would not extend or insert a Spinning Reserve and Non-Spinning Reserve Ancillary Service Bid at \$0 in the Real Time Market for any certified Operating Reserve capacity as stated in the new language added to Section 30.7.3.1 and Section 30.7.6.1.

NCPA requests that CAISO verify that this rule is only triggered if the resource is awarded an amount of Spinning Reserve and Non-Spinning Reserve capacity that is less than the certified Operating Reserve capacity in the Day Ahead Market, and if so, add additional language to Section 30.7.3.1 and Section 30.7.6.1 to capture this additional trigger that would impact whether or not CAISO will extend or insert a Spinning Reserve or Non-Spinning Reserve Ancillary Service Bid for the full certified Operating Reserve capacity range of a resource in the Real Time Market.

- **Section 22.11.1.1 & Section 22.11.1.4 – BPM Proposed Revision Request Submittal; Types and Treatment of BPM PRRs**

NCPA supports the comments submitted on November 23, 2010 by Silicon Valley Power (SVP) regarding CAISO's proposed modifications to these Tariff Sections.