

Reliability Services Initiative - Phase 2 Second Revised Straw Proposal

Submitted by	Company	Date Submitted
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Pacific Gas and Electric Company (PG&E) offers the following comments on the California Independent System Operator’s (CAISO) Reliability Services Initiative (RSI) Phase 2 Second Revised Straw Proposal based on the template provided by the CAISO.

1. Clarify Local Regulatory Authority interaction and process alignment.

PG&E supports the CAISO’s efforts to simplify the templates to limit the amount of information that is needed from the LRAs.

PG&E continues to support the CAISO’s objective of process alignment with LRAs. The CAISO’s objective is to allow the CAISO to effectively and efficiently evaluate LSE’s compliance with the ISO by evaluating LSE RA plans based on LRA requirements. Transparent process alignment will provide necessary documentation to understand how LRAs set RA requirements differently. PG&E believes that the CAISO’s efforts to simplify the templates to limit the amount of information that is needed from the LRAs should be commended.

2. Substitution for flexible capacity resources on planned outage.

PG&E conditionally supports the revision to allow flexible resources to be substituted with resources that can meet a flexible capacity category must offer for the duration of the outage.

According to the Second Revised Straw Proposal, the SC will be required to provide confirmation that the substitute resource has the start or ramping capabilities and it is capable of economically bidding from 5:00am through 10:00pm.¹ While the Second Revised Straw Proposal discusses the timeline for flexible capacity resources on a planned outage, it does not specify how and when the SC will need to provide this confirmation. This level of specificity will be helpful to understand how this revision fits into the current RA outage reporting process and how it could impact market efficiency.

¹ Reliability Services Initiative – Phase 2: Second Revised Straw Proposal, pgs. 17-18

3. Separate local and system RA for purpose of forced outage substitution.

PG&E believes that CAISO should maintain the status quo and not require LSEs to provide a local capacity designation on any local resource that it is showing in its RA plan for the purpose of meeting a local RA requirement

The CAISO proposes in the Second Revised Straw Proposal to require LSEs to provide a local capacity designation on any local resource that it is showing in its RA plan for the purpose of meeting a local RA requirement. This designation would be to allow for a situation where the SC of a local resource that the LSE has shown for the purpose of meeting a system RA requirement is only required to provide System RA capacity if the original local resource goes on a forced outage.

In previous comments, PG&E has indicated that it does not believe this local capacity designation issue exists based on current contractual practices. Counterparties that own local capacity resources do not sell their resource as system-only, and if they are exposed to cost risk associated with selling their facilities at a different time than when forced outages occur, they should include those cost risks into their initial bids. Additionally, PG&E's previous comments have discussed important implementation issues that the CAISO has not addressed. The Second Revised Straw Proposal and the associated stakeholder meeting did not alleviate any of PG&E's previously expressed concerns on this topic.

PG&E would like to express further reservations towards the proposal due to concerns about how the local capacity designation could impact CPM designations. The Competitive Solicitation Process currently in development has not considered the need for local-only backstop. Furthermore, it is unclear if a resource that is only contracted and shown in a RA filing to provide system RA even though the resource is in a local area will be capable of participating in a local CPM.

The benefit of the status quo approach is that the RA plan is a simple accounting based on whether the resource is located in a transmission constrained region or not. However, the proposed new approach requires the CAISO, LSEs, and SCs to track whether a resource has been procured and shown for the purpose of Local or System RA requirements. This new approach will be unnecessarily complex for a process that should be moving the direction of increasing simplicity.

4. Process to update EFC list during the year.

PG&E is supportive of an outage card for use-limited resources that have followed their use plans.

The Second Revised Straw Proposal, similar to the Revised Straw Proposal, has discussed how use-limited resources are treated by the RA Availability Incentive Mechanism (RAAIM). Under these proposals, if a use-limited resource follows its use plan, and a use-limitation is exhausted during a month, the SC of the resource is allowed to use a short-term outage card for the rest of the month and the SC will not be exposed to RAAIM penalties. If a use-limited resource follows its use plan and a use-limitation is exhausted before the end of the year, the CAISO proposal will not allow these use-limited resources to be except from RAAIM penalties for the remaining months of the year.

PG&E is supportive of an outage card for use-limited resources that have followed their use plans and have been dispatched in a way that follows the CAISO's opportunity cost model during the month. Coordination between this initiative and the CCE3 initiative is necessary. The CAISO needs to provide greater clarity regarding the mitigation strategies CAISO plans to use (or will allow market participants to use) to limit negative consequences of the CAISO's opportunity cost model. The lost RA value associated with unavailable use-limited capacity should be recognized as an important motivator to ensuring the accuracy of the opportunity cost model.

5. Masterfile changes and RAAIM availability.

PG&E is supportive of allowing SCs to provide substitution for Masterfile changes.

The CAISO has stated that because Masterfile changes are not an outage, substitution will not be allowed. This justification is unreasonable. Masterfile changes have not traditionally been linked to RA filings, and PG&E can think of numerous instances in which a Masterfile change could occur without realizing its RA impact. PG&E would like to understand if substitution is not allowed, is the SC allowed to change the Masterfile data back to its original status to avoid RAAIM availability penalties?

This proposed change in the proposal further amplifies PG&E's request for a simple notification when a Masterfile change triggers a change in the resource's flexible capacity category. PG&E envisions simply an automated email after the Masterfile change request is made notifying the SC and the person that has filed the RA plan that this change will impact RA category eligibility. PG&E also asks the CAISO to consider some form of mitigation method for when a Masterfile change impacts a resource's RA category and the SC would like to resolve the change to avoid RAAIM charges.

6. Address the RAAIM exemption currently in place for combined flexible capacity resources.

PG&E does not have any comments on this issue.

7. Streamlining monthly RA showings.

PG&E questions the value of the currently proposed changes.

PG&E agrees that the CAISO should not try to create an arbitrary delineation between LSEs with respect to a de minimis exception to RA procurement and requirements. PG&E also supports the concept of streamlining monthly RA showings. However, the value of the currently proposed changes is questionable given that supply plans will have to be submitted monthly and given that, based on PG&E's understanding of the Second Revised Straw Proposal, late penalties will still be assessed if there are discrepancies in the monthly filing. The requesting party for these changes does not appear satisfied with the proposal and no other parties have indicated that these proposed changes will lead to a streamlined process. The CAISO should understand the costs of these changes before including this topic in its final proposal and submitting it to the Board of Governors.

Other.

PG&E does not have any additional comments.