



Comments of Pacific Gas & Electric Company

Black Start and System Restoration Phase 2 – Draft Final 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) Black Start and System Restoration Phase 2 Draft Final Proposal.

Draft Final Proposal

1. PG&E appreciates the adjustment to the RFP process steps to ensure that the CAISO applies the selection criteria and cost evaluation.

PG&E supports the CAISO's changes to the general RFP process steps. The Draft Final Proposal correctly identifies the CAISO as the appropriate entity to apply the selection criteria and select the most technically and commercially viable offer based on the technical and cost data submitted. PG&E also appreciates the inclusion of the applicable participating transmission owner (PTO) as a consultant in the development of the black start technical specification document. This consulting function is the appropriate role for the PTO to play in the RFP process.

2. PG&E asks that the CAISO include and seek approval of a tariff provision that provides for incremental black start costs to be allocated fairly to all transmission customers within a participating transmission owner's service area.

In its Draft Final Proposal, the CAISO states that it recognizes that, in some specific cases, using the reliability services account may not allocate incremental black start costs to all transmission customers within a participating transmission owner's transmission access charge area. The CAISO also notes that Transmission owners may need to update their reliability services rate schedules in their own Transmission Owner (TO) Tariff. PG&E's preferred approach would be to have CAISO intervene in support of FERC filings where PTOs ask FERC to revise their TO tariffs to allocate reliability services costs to all transmission customers within a participating transmission owner's service area.

3. PG&E is concerned that setting a prescribed contract duration will unnecessarily limit participation.

PG&E has previously expressed concern related to the short contractual commitment by the CAISO and the black start service provider under the current RMR construct.¹ CAISO attempts to address this

¹ For more detail, see PG&E's Comments of CAISO's Black Start and System Restoration Phase 2 Straw Proposal. http://www.caiso.com/Documents/PG_EComments_BlackStartSystemRestorationPhase2StrawProposal.pdf

concern by stating that a five or (preferably) a ten year term, evergreen unless cancelled, seems a reasonable approach. PG&E is concerned that this approach will limit the participation in the RFP process. If a bidder is uncertain whether their facility will continue to operate in 5 or 10 years, they might be discouraged from bidding if the only options for a black start contract are 5 and/or 10 years. PG&E continues to advocate for the bidder to provide term length or for CAISO to evaluate the location's electrical proximity to multiple resources as a selection criterion.² Both of these solutions avoid setting a prescribed term length, which allows more flexibility for bidders to conform the black start resource to their other commitments.

² Ibid.