



July 25, 2018

Board of Governors
California Independent System Operator

RE: LSA comments on CAISO Variable Energy Resource (VER) Dispatch Operating Target (DOT) Draft Tariff

The Large-scale Solar Association (LSA) is pleased to provide these comments to the CAISO Board of Governors on the Variable Energy Resource (VER) Dispatch Operating Target (DOT) draft tariff language. The LSA members fully understand the numerous challenges to integrating VER generation into the grid which may require tariff and operational changes, and we are committed to working with the CAISO in constructive, robust stakeholder processes to ensure these changes are achieved in the most efficient, non-discriminatory and cost-effective manner.

LSA is concerned about the process the CAISO has used to make these tariff revisions, and the information provided to market participants about the impact of these changes. CAISO staff maintains the VER DOT tariff revision is not changing policy, rather it is clarifying existing policy. While staff does not believe this is a policy change, the reality is this tariff revision may negatively impact the operation of an unknown portion of generators in the system.

The proposed tariff revisions could impact the dispatch of over 25% of the generating capacity currently operating in the CAISO market. These generators are the resources upon which California is depending to meet its renewable energy requirements, as well as reduce electric sector emissions to meet SB32 greenhouse gas targets. While the tariff revisions provide CAISO additional flexibility to maintain reliability, the CAISO has not assessed the impacts of the tariff revisions on the dispatch of these resources, the impact on renewable energy production, nor the impact on the achievement of state emissions targets.

It is imperative that the CAISO, in modifying its tariff, consider and quantify the implications of the proposed change - on generators, markets, and state policies. CAISO has provided no descriptive or technical information regarding the circumstances and frequency they would be used, nor identified the policies necessary to ensure there is a consistent and non-biased application of the tariff change. Depending on the frequency of using the DOT, generators could face generation reductions, causing substantial harm to the generator as most are paid volumetrically, only being paid for energy delivered. Additionally, off-takers depend on this generation to ensure they have sufficient renewable energy to meet RPS and GHG-emissions requirements. This could be more problematic for specific generators in local resource areas. If the DOT is being used to resolve generation issues in local resource areas, certain generators may be substantially and repeatedly curtailed.

Large-scale Solar Association comments on VER DOT Proposed Tariff Language

LSA strongly believes that prior to adopting any new policy or tariff that impacts generator dispatch, the CAISO should assess and make publicly available the expected impact of the DOT on generator output, revenues, and achievement of RPS and GHG goals.

LSA appreciates the CAISO's consideration of these comments in the VER DOT tariff initiative.

Sincerely,

/s/ Tim Mason

Tim Mason
Policy Director
Large-scale Solar Association