

RELIABILITY COORDINATOR FAQ

On January 2, 2018, the California ISO announced it would become its own Reliability Coordinator (RC) and offer these services to other electricity balancing authorities in the western United States, Canada, and Mexico.

The ISO gave notice of its withdrawal from its current RC, Peak Reliability, and to each of Peak Reliability's funding members, effective September 2019.

The ISO is moving forward on three tracks to become a Reliability Coordinator: obtaining certification from the North American Electric Reliability Corp. (NERC); conducting a public stakeholder initiative process to set rates, terms, and conditions of the RC services; and customer on-boarding.

The ISO is working with Peak Reliability on the transition and is in continuing discussions with NERC, the Federal Energy Regulatory Commission (FERC), and the Western Electricity Coordination Council (WECC) regarding the new RC function.

A public process was launched in January 2018, with informational calls and three regional meetings in California, Arizona and Oregon.

These discussions were used to draft a straw proposal for the rate design of the ISO RC function, which opened the formal ISO stakeholder initiative process. Meanwhile, the ISO has established an Oversight Committee and working groups with interested parties to discuss the transition and implementation of RC services.

The ISO requested interested entities submit a non-binding letter of intent by March 1, 2018, to help determine the scope going forward.

For more information, visit the [ISO's RC webpage](#).

Track the [RC stakeholder process](#).

THE BASICS

WHAT IS A RELIABILITY COORDINATOR (RC)?

An RC provides wide-area grid stability monitoring for electric transmission systems, including system restoration coordination, outage coordination, day-ahead operational planning assessment, and real-time assessment for its balancing area. The role is defined by FERC and implemented by NERC.

WHAT ARE THE STEPS FOR THE ISO TO GET CERTIFIED?

A Reliability Coordinator needs to be NERC-certified to ensure the ISO has adequate facilities, tools, personnel, procedures, and training necessary to perform the tasks of the Reliability Coordinator. WECC will conduct the ISO's certification process, acting as a Regional Entity of NERC under a delegation agreement.

On a separate but concurrent course, the ISO initiated a public stakeholder process to develop the rates, terms and conditions of providing RC services to its customers. Those will be filed with FERC for approval, and then added to the ISO tariff.

Finally, the process will culminate in RC agreements between the ISO and customers committed to contracting with ISO for RC services.

WHAT WILL BE THE OVERSIGHT STRUCTURE AND THE ROLE OF THE WORKING GROUPS?

The ISO created a membership-based oversight committee to give guidance and build consensus on reliability compliance, including a common understanding of NERC standards.

The ISO also formed working groups to address such topics as operations planning and seams management, data sharing, emergency procedures, and training. The working groups are comprised of ISO management and parties that have signed letters of intent and non-disclosure agreements.

SERVICES

WHAT SERVICES WILL THE ISO PROVIDE AS RELIABILITY COORDINATOR?

The ISO will offer core reliability coordination services as required by NERC standards, including outage coordination, day-ahead operational planning analysis, real-time assessment, real-time monitoring and analysis, and system restoration coordination.

The ISO also plans to offer non-core hosted advanced network applications, including State Estimator, Real Time Contingency Analysis (RTCA), Study Power Flow and Contingency Analysis; and NERC CIP-014 Physical Security standards.

ISO staff drafted a straw proposal for billing for the core and non-core services, part of the ongoing public stakeholder initiative process.

WHAT WILL BE THE COST OF THE SERVICES?

The ISO projects it will realize cost savings of at least 50 percent compared to current Peak Reliability pricing, and those savings will improve as more entities join the ISO's RC program

HOW WILL THE ISO ACHIEVE THESE SAVINGS?

The ISO will leverage the efficiencies from existing control room technologies, management staff and other necessary infrastructure. With each new participant, costs will be spread out and reduced for all entities receiving RC services from the ISO.

HOW WILL THE RELIABILITY COORDINATOR BUDGET BE DEVELOPED AND MAINTAINED?

The RC budget will be created using the same guiding principles as those used to set ISO grid management charges. Building from the ISO's current activity-based pricing structure, the ISO can track the work of different functions to quantify resources being used by the RC function, generating a formula for allocation. Details will be included in the straw proposal at the start of the stakeholder initiative process.

THE PROCESS

WHICH ENTITIES CAN SUBMIT LETTERS OF INTENT?

All balancing authorities in the western interconnection may submit letters of intent. Initially, the ISO will engage in discussions at the balancing authority level, and encourages transmission operator participation.

Transmission operators in the ISO balancing authority area do not need to submit a letter of intent. Transmission operators within a balancing authority area are generally expected to receive reliability coordination services from their host balancing area, however, they may participate in the working groups by submitting a non-disclosure agreement.

WHAT IF AN ENTITY DID NOT SUBMIT A LETTER OF INTENT BY MARCH 1?

The ISO will work with interested parties to receive our RC services. The ISO and Peak Reliability have pledged to support an orderly transition of balancing authorities that wish to take RC services from the ISO. The letters of intent are crucial in determining the scope of the organizational, operational, and rate structure. Providing the letter of intent also assures that the interested entity has a place on the ISO working groups. Since the working groups are forming in early March, interested parties are encouraged to submit a letter of intent as soon as possible.

WHAT ENTITY WILL BE THE RELIABILITY COORDINATOR OF RECORD DURING THE PROCESS?

The ISO expects to begin shadow operations with Peak Reliability in May 2019, and become the RC of record for our balancing authority by the end of June 2019. Afterward, the ISO anticipates it will initiate shadow operations with other entities. The ISO is targeting the end of August 2019 to be the RC of record for additional balancing authorities taking RC services from the ISO.

BACKGROUND

WHAT MOTIVATED THE ISO TO BECOME AN RC?

The ISO has been following developments in the electric systems across the West, including the likely departure of Mountain West Transmission Group (MWTG) from Peak Reliability. MWTG is a group of eight utilities in Colorado and parts of Wyoming and Mexico. This represents a reduction of almost 10 percent in Peak Reliability funding, which could affect ongoing costs to the remaining membership.

Peak Reliability also announced in December 2017 that it is exploring a partnership with PJM, a regional transmission operator coordinating wholesale electricity markets in parts of 13 eastern states and the Washington, DC area.

While the ISO has historically supported a single RC in the West, our leadership recognized the shifts in the industry's landscape, including possible expanded market competition. The ISO moved to proactively mitigate the impacts of these two developments to our customers.

HOW WILL ADDING AN RC AFFECT ELECTRIC RELIABILITY IN THE WEST?

NERC Reliability Standards require all RCs to have a wide-area view. Therefore, adding another RC creates opportunities to have overlapping system views, which enhances reliable operations.

For context, in the Western Interconnection, there are currently two providers of RC services, and that number could grow to four in the next few years. That compares to 12 RCs in the Eastern Interconnection, which has been consistently capable of overseeing reliable grid operations.

ARE THERE CONFLICTS OF INTEREST FOR THE ISO?

The ISO recognizes there needs to be careful and thoughtful planning surrounding its offering of both market and RC services. In developing the RC structure, the ISO intends to have a separate management and reporting structure from system operators performing ISO balancing authority functions, and work with an oversight structure committee to provide specific input and guidance from RC customers.

The California ISO is the only regional transmission operator in North America that isn't currently offering RC services. There is ample precedent across North America where other ISOs and RTOs have successfully managed the two distinct functions separately.