

Stakeholder Comments Template

Black Start and System Restoration Phase 2

January 17, 2017 Issue Paper

Submitted by	Company	Date Submitted
<i>(submitter name and phone number)</i>	<i>Southern California Edison</i>	<i>January 31, 2017</i>

The ISO provides this template for submission of stakeholder comments on the January 17, 2017 issue paper and the discussion at the January 24 stakeholder call. The issue paper, presentation and other information related to this initiative may be found at:

http://www.caiso.com/informed/Pages/StakeholderProcesses/Blackstart_SystemRestorationPhase2.aspx

Upon completion of this template please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **January 31, 2017**.

Issue Paper

1. Please comment on the appropriate cost allocation approach for incremental black start resources.

SCE supports the principle that the cost of Black Start be paid by the customers that benefit from the service, which is consistent with the cost causation principle referenced in the issue paper.¹ In addition, Black Start services have been procured at a local area by the utilities and paid for by customers located in their respective service areas. Thus continuing with this would meet the principle of comparable treatment. Using a system-wide charge to recover new Black Start services would result in some customers paying for the services needed in another region while costs associated with Black Start in their region are not shared; which would be dis-similar treatment.

¹ http://www.caiso.com/Documents/IssuePaper_BlackStart_SystemRestorationPhase2.pdf, page 6.

If the CAISO does procure Black Start services, then all customers in the local region that benefit should be charged to recover the costs associated with those services. This could be done through a fee to scheduling coordinators which would have all customers—bundled utility customers, community choice aggregators, and direct access customers—contribute to the recovery of costs associated with Black Start.

2. Please comment on the process for selecting and procuring additional black start capability and the role of the ISO and investor owned utilities in the process.

SCE does not have specific recommendations for the role of either the ISO or investor owned utilities to select and procure additional Black Start resources due to the lack of specifics of what is to be procured or the duration of the need. The issue paper mentions that a “relatively small set of generation resources in the Greater Bay Area are available” and that these “resources will likely need to invest in capital improvements.” Here are some questions that would assist in developing a best fit solution:

- Are these generation resources currently under contract and if so what type of contract? Some contracts are tolling type agreements which entitle the contract holder to all attributes the facility may offer. While incremental investment may be needed for Black Start, that capability does not exist without the rest of the facility, so the contract holder may still have rights to the Black Start service
- What is the nature of the specific, identified upgrades? Which load(s), if such detailed analysis has been performed, has been identified as requiring such Black Start capability for support?
- Is there an intention to have the allocation methodology determined here to be precedent-setting?
- What, if any, further Black Start resources or upgrades are anticipated to be required in the coming years? Where will such resources or upgrades be required? What is the nature of such resources or upgrades? If such an analysis has not yet been performed, then such is appropriate to ensure that these issues are fully-vetted.

SCE recommends the CAISO hold a workshop with the stakeholders to discuss these issues before requesting specifics on the roles of the utility and CAISO to procure Black Start services.

Finally, SCE notes this specific case may involve Black Start in the service area of an investor owned utility, but in the future it could involve a municipal utility or a region that has both ownership types. In this case, any cost recovery or procurement role should not be limited to an investor owned utility.