

## Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your written comments on the stakeholder initiative  
“Review of RMR and CPM.”

Submit comments to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com)

**Comments are due April 10, 2018 by 5:00pm**

The Draft Final Proposal for Phase 1 Items and Items under Consideration for Phase 2 that was posted on March 13, 2018 and the presentation discussed during the March 20, 2018 stakeholder meeting can be found on the following webpage:

[http://www.caiso.com/informed/Pages/StakeholderProcesses/Review\\_ReliabilityMust-Run\\_CapacityProcurementMechanism.aspx](http://www.caiso.com/informed/Pages/StakeholderProcesses/Review_ReliabilityMust-Run_CapacityProcurementMechanism.aspx).

Please use this template to provide your written comments on the items listed below and any additional comments that you wish to provide.

1. Comments on phase 1 draft final proposal to make RMR units subject to a must-offer obligation.

Please indicate whether you support the draft final proposal. If you oppose the draft final proposal, please indicate the reasons for your opposition.

**Comments:**

The MOO is not sufficient

While Southern California Edison (SCE) agrees with the need for a MOO<sup>1</sup>, it does not see the value in a MOO which lacks any incentives against non-performance. The CAISO procures RMR resources for reliability and compensates them at least consistently with that of an RA resource, however, the CAISO proposes to not have the same non-performance penalties on RMR resources that it does on RA resources. Such a proposal undermines the RA process by setting up incentives for resources to prefer the backstop over RA. SCE does not support any policy that either lacks appropriate incentives or undermines RA – the proposed MOO falls in both categories.

Further, the proposal to have the RMR capacity bid into RUC at \$0 only if the CAISO resorts to bid insertion, is insufficient. Customers are already paying the resource for its entire RMR capacity. If a resource chooses to bid high enough, it may not clear the market and the capacity is withheld. SCs for RMR resources should be required to bid \$0 in RUC, failing which the CAISO should insert a bid in RUC at \$0 on behalf of the RMR resource.

Load migration cost allocation should be addressed in phase 1

During the March 20<sup>th</sup> meeting, the CAISO stated that load migration cost allocation should be in phase 2 because it is a contentious issue. First, delaying topics because they are contentious is not an appropriate policy. Second, any delay leads to further cost allocation that is not just and reasonable.

All of the RA attributes of procured resources should be accounted and credited

As other stakeholders, SCE fails to understand why this is not an immediate outcome of this initiative. The CAISO is proposing changes to a reliability mechanism that compensates resources at least consistent with RA payments. At the least, all resource attributes relevant to RA should be accounted for and credited to the customers that are paying for these resources. As stated by the CPUC ED during the call, the CAISO could end up with the perverse outcome of entering into an RMR with a resource that the CAISO needs the flexible capacity from yet, the RMR will not convey that attribute leaving the market further at risk for not obtaining the correct amount of flexible resources.

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<sup>1</sup> Clearly, RMR and CPM need to undergo change. RMR, given its predating of RA is in even more dire need of change since it was formed at a time that is even less representative of today's system needs. Any position against changing any parts of RMR or CPM are contrary to system needs and contrary to the CAISO's stated goals.

2. Comments on phase 1 draft final proposal for ISO to provide notification to stakeholders that a resource is planning to retire.

Please indicate whether you support the draft final proposal. If you oppose the draft final proposal, please indicate the reasons for your opposition.

**Comments:** [SCE supports the CAISO proposal to make public information about resources planning to retire.](#)

3. Comments on potential phase 2 items.

Section 8 of the March 13, 2018 paper discusses the items that may be candidates for phase 2 of this initiative. It includes items suggested by both the ISO and stakeholders. The ISO requests that stakeholders comment on the priorities for these potential phase 2 items.

**Comments:** [As noted above, the cost allocation for load migration should be moved forward to phase 1.](#)

4. Other Comments

Please provide any additional comments not associated with the items listed above.

**Comments:** [\[Insert comments here\]](#)