

Stakeholder Comments Template

Reliability Services Initiative - Phase 2

Second Revised Draft Final Proposal

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the second revised draft final proposal for the Reliability Services Initiative - Phase 2 that was posted on September 16, 2016. The revised draft final proposal and other information related to this initiative may be found at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/ReliabilityServices.aspx>.

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **September 30, 2016**.

If you are interested in providing written comments, please organize your comments into one or more of the categories listed below as well as state if you support, oppose, or have no comment on the proposal.

1. Forced outage substitute capacity for RA resources capacity in local capacity areas. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

SDG&E strongly opposes the proposal to unbundle Local and System capacity attributes in the annual and monthly showings. In addition to its previous comments, SDG&E provides these additional comments. First, the ISO proposes to unbundle the Local and System capacity attributes in the RA templates. However, the ISO leaves the System MWs bundled with the Local MWs when shown. This is inconsistent with Flexible MWs unbundled from System and Local MWs. The ISO's proposal adds additional unnecessary complexity by bundling Local and System MWs within the showing template. Instead, SDG&E believes the Local MWs should be listed separate from the System MWs in order for easier tracking of capacity attributes from one resource.

Second, unbundling in the annual showing does not impact forced outage substitution. The ISO has stated that it will base its Local deficiency calculation based on all resources shown in the plan regardless of the Local designation. Since the annual plan has no impact on forced outage substitution, SDG&E requests the ISO to not require the unbundling in the annual showing.

Overall, SDG&E believes the ISO should consider these additional comments and revise its final proposal. SDG&E also suggests the ISO to continue to work on resolving stakeholders' concerns rather than presenting the proposal to the Board in October.

2. Process to update Effective Flexible Capacity (EFC) list during the year. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

SDG&E supports the ability of to update the EFC list during the year. SDG&E additionally request the ISO to include a two week timeframe in which to allow market participants to review and comment on the draft EFC list similar to the timeline for reviewing the NQC list. Currently, there is no minimum time for market participants to review the draft EFC list. In 2015 and 2016, market participants provided market participants one day and two days respectively. This is simply insufficient time for accurate review of the draft EFC list. This suggestion was raised and suggested by ISO staff during the ISO's customer partnership group for resource adequacy. Therefore, SDG&E suggests the ISO to include this provision into the final proposal.

3. RA showing tracking and notification. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

SDG&E recommends that the ISO should actively send out a reminder to market participants prior to the due date of the annual and monthly filings. This would be in addition to the ISO's proposed schedule to follow-up with a scheduling coordinator when that entity did not submit a plan. A proactive notification would aid in avoiding the penalty more than a follow-up. The current CRR process sends out to market participants on when nomination times are open and closed. SDG&E believes the ISO should set the RA process in a similar manner.

4. RA showing requirements for small LSEs. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

SDG&E does not support the written proposal because it lacks clarity and specific details. The written proposal does not sync up with the presentation slides. First, the written proposal points to Tariff section 40.1 regarding an LSE's RA showing exemption. The written proposal states that "unlike system RA, small LSEs are not exempt from flexible capacity requirements." The ISO therefore proposes to exempt those LSEs whose largest flexible capacity requirements are less than one MW from the flexible RA showing. SDG&E notes that section 40.1 exempts an LSE from all RA capacity obligations as long as its historic 12 month measured demand is less than one MW. SDG&E believes this would include the flexible RA requirement even if the contribution were greater than one MW, as long as the peak measured demand was lower than one MW. The proposed flexibility showing exemption is missing on slides 21 and 23 of the presentation. Rather, during the presentation, the ISO proposes to exempt an LSE, whose historic measured peak demand was greater than one MW, from the RA showing if the LSE's monthly requirement is less than one MW. This exemption would be requirement specific, such that the LSE would be required to show a Local resource but not a system and flexible resource if the LSE had a Local requirement that was greater than one MW while the system and flexible requirement was less than one MW. This portion is missing from the written proposal. SDG&E requests the ISO to clearly write out its final proposal.

Second, the ISO proposes to relieve the LSE from any backstop procurement costs if the LSE were exempt from the showing. SDG&E opposes this provision because while the LSE was not required from showing a resource, the LSE still had a requirement. Tariff section 40.1

exempts LSEs which had a measured peak demand of lower than one MW from an RA requirement all together. The ISO seems to be proposing only a showing exemption because the measured peak demand was greater than one MW. If the showing exemption, along with other deficiencies, caused the ISO to backstop capacity, then that LSE should be allocated the cost for backstop.

Third, the existing Tariff section 40.1 exempts CPUC jurisdictional LSEs from the ISO exemption, a double exemption, meaning CPUC jurisdictional LSEs are not exempt from the showing requirement even if the peak metered demand has been below one MW. SDG&E requests the ISO to clarify whether CPUC jurisdictional LSEs would continue to not be exempt.

Over all, SDG&E believes the ISO's proposal is in an unfinished state and requests the ISO to revise its proposal to include the comments raised by SDG&E. SDG&E recommends the ISO to delay Board approval until these issues have been remedied, particularly the proposal for small LSEs.