

Submitted by	Company	Date Submitted
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SDG&E appreciates the opportunity to comment on ISO’s Second Revised Straw Proposal for Reliability Services Initiative.

**ISO proposal for process alignment with LRAs**

SDG&E does not believe ISO’s proposed template will fully achieve ISO’s goals for process alignment. ISO notes in order to “ensure proper cost allocation for any backstop procurement, it must receive a LRA’s RA program information each year in a standard format.” However the template does not seek the relevant information to ensure proper cost allocation. The template does not distinguish whether the allocation of an LRA requirement to the LSE is based on peak load ratio share or contribution to a need. If the ISO were to issue a collective deficiency backstop procurement, there would not be any details on how the LRA issues the costs. The template only asks the LRA whether or not its LSEs have requirements and how the LSE would meet those requirements with the LRA’s RA program rules.

**Local capacity resource on forced outages**

SDG&E recommends ISO’s annual collective deficiency check should continue to count all local capacity resources that are submitted on a supply plan towards meeting the Local requirement regardless of the flag. ISO should only require the additional flag on the monthly RA submissions. This is because the annual submissions do not create must offer requirements for resources. By excluding local capacity resources not flagged as local in the annual deficiency check, ISO could unnecessarily create the need for LSEs to swap Local and System capacity resources in order to meet a collective deficiency even though LSEs have met their individual Local requirements.

**Use-limited reached outage card RAIM treatment**

ISO notes that it is developing an opportunity cost methodology for use-limited resources under CCE Phase 3. This methodology allows the resource to be more efficiently optimized over the limitation horizon. However, once the annual use limitation is reached, ISO will not exempt the resource from RAIM but rather incent the SC to provide substitute capacity. SDG&E does not support this proposal. Individual resources have no ability to establish the opportunity cost adder. If ISO’s opportunity cost methodology is unable to efficiently optimize the resource over the limitation horizon, the resource should not be held liable for ISO’s error. This would act as a penalty to the resource for providing capacity but need to replace it when the ISO did not efficiently optimize it. For this reason, SDG&E strongly recommends ISO continue to exempt the resource once it has reached the limitation prior to the end of the year.

### **Updating EFC values and Masterfile changes that impact flexible capacity category**

SDG&E recommends ISO automatically update the EFC list when changes to Masterfile impact the EFC value or category for the next relevant operating month. This means the EFC value or category would only be valid for the next T-45 submission forward.

ISO proposes to apply RAAIM to resources where Masterfile changes disqualify them from providing a flexible capacity category. However, SCs are still unable to submit an outage ticket related to minimum down time or daily starts and thereby unable to provide substitute capacity to mitigate the RAAIM penalty. SDG&E recommends ISO consider a new nature of work outage code that would allow SCs to submit an outage and provide the substitute capacity. The substitute capacity may likely have to be the original category of the resource and not a resource which can be combined with the original resource in its new category to meet the original category obligation. SDG&E discussed freezing Masterfile during the operating month. However upon further research, freezing the Masterfile and submitting an outage ticket during the month would not affect ISO's market optimization. ISO would continue to dispatch the resource based on the original Masterfile.

In conjunction with the use-limitations to determine the capacity categories, ISO should clearly list out the formula and criteria that it will use to determine each category. For example, the Tariff allows the base ramping category to have 2 starts per day or the number of start-ups allowed by its operational limits, including minimum up and minimum down time. If a resource were limited to 30 starts per month because the minimum up and down times resulted in 1 start within the base ramping MOO hours, would this resource continue to qualify as base ramping? Does the ISO also account for maximum monthly run hours? If the resource is able to meet the 2 starts per day but it is limited to monthly run hours, would a resource be considered as base ramping. Understandably once the resource has reached its monthly limits, the resource would be exempt from the MOO for the remainder of the month.

Similar to above, ISO listed 3 Masterfile and 1 use-limitation parameters which would impact a resource's category. SDG&E believes there are more that have not been listed. SDG&E requests ISO to list all of the parameters in the next version of its proposal to provide better clarify in the category determination. Of particular note, ISO states that it uses a 12 hour minimum down time. However it seems this method does not consider minimum on time. If the minimum on time were 15 hours while the minimum down time were 3 hours. Looking purely at the minimum down time would provide ISO with a false sense that the resource can start twice in one day during the 17 hour MOO for base ramping. SDG&E recommends ISO to also consider a resource's cycle time see if there would be significant impact to meeting the daily dual ramps.

SDG&E again requests ISO to provide a data regarding how many resources and MWs would change categories based on ISO's proposal. How do the MWs in each category compare to the category minimum and maximum requirements for 2016?

### **Combination Flexible Capacity Resources RAAIM exemptions**

ISO proposes to assess RAAIM based on the better performing resource within the pseudo-resource. SDG&E requests ISO to monitor the individual resources within the pseudo-resource to ensure the SC is not combining a poor performing resource with a better performing resource to meet reliability needs. SDG&E's primary concern is associated with the fact that the pseudo-resource is made up of two use-limited resources such that once the better performing resource reaches its use-limitation, the entire pseudo-resource is exempt from RAAIM assessment. This could result in increased CPM backstop when the worse performing resource should have been incentivized to provide substitute capacity.

### **Streamlining annual and monthly RA processes**

As SDG&E indicated in its previous comments, ISO's proposal provides no additional value to LSEs. SDG&E does not believe ISO should charge SDG&E's ratepayers to implement this functionality in order to avoid penalties for LSEs. It would be simpler and more cost effective to eliminate the penalty provision within the Tariff.