

CDWR-SWP's comments on the CAISO Straw Proposal on Generated Bids and Outage Reporting for Non-Resource Specific Resource Adequacy Resources

February 4, 2010

The California Department of Water Resources State Water Project (SWP) appreciates the opportunity to provide comments to the California Independent System Operator (CAISO) on its straw proposal "Generated Bids and Outage Reporting for Non-Resource Specific Resource Adequacy Resources" dated January 19, 2010. SWP respectfully submits following comments:

1. Straw proposal on generated bid price options: SWP supports the proposal to provide LMP based pricing followed by Negotiated bid price option for generated bids.
2. Straw proposal on reporting outage:
 - i) The proposal indicates that only the extraordinary operational circumstances (which does not need to be reported) in an adjacent or intermediate Balancing Area Authority (BAAs) can lead to the inability of an Non-Resource Specific Resource Adequacy (NRS-RA) resource to offer its capacity to the market and the modified SLIC system will provide only this specific reason for outage. SWP supports this, but believes that the CAISO should clearly define the contemplated extraordinary circumstances that will be acceptable in adjacent or intermediate BAAs without additional reporting. Will such outages count against the availability of the NRS-RA resource? Will such outage be substitutable by the SCP substitution process if counted against availability?
 - ii) The proposal indicates that even if there is a lack of synchronicity between the CAISO scheduling timeline and those of other BAAs, and even if there is insufficient transmission capacity at the CAISO tie point, the CAISO software will not prevent a market participant from offering the RA capacity from the NRS-RA resource. SWP supports this with the understanding that in these cases the offer should be accepted but should not be included in the optimization process, and if an offer is not made available, a bid insertion will take place.
 - iii) The approach discussed at (i) above—CAISO accommodation and use of resources in other BAAs in a way that may overcome certain problems to maximize the capacity that can be made available—should also apply where there is a "limitation" at a single scheduling point.. For instance, where a capacity resource interconnects with the CAISO over a single tie point and that tie point goes out of service, generating a bid for a resource that is undeliverable makes no sense. Instead, such outages can be addressed by unit substitution under SCP by utilizing non-RA resources within the CAISO or even with other import resources if it is for system

RA purpose. If the outage of a single scheduling point is included in the “extraordinary operational circumstances”, then such event can be accommodated with an outage. If not included in the “extraordinary operational circumstances”, then the outage of a single scheduling point should not have a bid generated at that node.