

Stakeholder Comments Template

Reliability Services Initiative - Phase 2

Second Revised Straw Proposal

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the second revised straw proposal for the Reliability Services Initiative - Phase 2 that was posted on November 13, 2015. The second revised straw 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 **December 9, 2015**.

If you are interested in providing written comments, please organize your comments into one or more of the categories listed below.

1. Clarify Local Regulatory Authority interaction and process alignment.

Six Cities’ Comments: The Six Cities take no position at this time on this topic.

2. Substitution for flexible capacity resources on planned outage.

Six Cities’ Comments: The Six Cities appreciate and support the ISO’s determination to allow substitution for flexible capacity on planned outage based on an affirmative attestation that the substitute capacity can meet the must offer obligation of the resource on outage for the duration of the outage, rather than requiring the substitute capacity to meet all qualifications for the “same category or better” of flexible capacity. The Six Cities agree with the ISO’s recognition that allowing substitution based on the ability of the substitute resource to meet the must offer obligations of the resource on outage for the duration of the outage will allow greater flexibility for providing substitute capacity for flexible resources while maintaining the quality of capacity originally procured through the flexible capacity categories. (See Second Revised Straw Proposal at Appendix A, page 5).

To avoid any ambiguity, the Six Cities encourage the ISO to modify a portion of the language at page 18 of the Second Revised Straw Proposal. In the second paragraph on page 18, the ISO notes “[a]s a point of clarification, the ISO proposed that a resource that has been shown for multiple flexible capacity categories be required to provide substitute capacity at the highest flexible capacity category shown for the resource.” (Emphasis added.) Consistent with the currently proposed general rule of allowing substitution based on the ability of the substitute

resource to meet the must offer obligations of the resource on outage for the duration of the outage, the clarifying point in the second paragraph on page 18 should be modified to state that “a resource that has been shown for multiple flexible capacity categories will be required to provide substitute capacity at based on the must offer obligations associated with the highest flexible capacity category shown for the resource.”

3. Separate local and system RA for purpose of forced outage substitution.

Six Cities’ Comments: The Six Cities support the ISO’s proposal to allow system capacity to substitute for capacity that is located in a local area but has been shown for system RA when such capacity is subject to forced outage.

4. Process to update EFC list during the year.

Six Cities’ Comments: As noted in their October 26, 2015 comments on the Revised Straw Proposal, the Six Cities support allowing updates to Net Qualifying Capacity (“NQC”) or Effective Flexible Capacity (“EFC”) values, either for increases or decreases, to reflect changes in operating characteristics. Where changes in operating characteristics result in a reduction in NQC or EFC, updating these values will allow the ISO to assess compliance with RA obligations more accurately. Allowing updates to reflect changes in operating characteristics or permit terms that increase NQC or EFC will encourage Scheduling Coordinators to pursue modifications to permits or operating capability that will improve the ability of resources to offer flexible capacity to the ISO markets.

The Six Cities’ October 26 comments on the Revised Straw Proposal suggested that the ISO publish the annual NQC and EFC lists by T-45D, where T is the deadline for submitting the annual RA showing, in order to allow Scheduling Coordinators sufficient time to enter into capacity contracts where necessary. The Comments/Response matrix in Appendix A to the Second Revised Straw Proposal indicates at page 9 that it is not possible to adopt a firm date for the publication of NQC and EFC lists due to the need to exchange information with LRAs. Even if the ISO does not consider it practical to establish a firm date for the publication of NQC and EFC lists, the Six Cities encourage the ISO to adopt the T-45D approach as a target for publication of the NQC and EFC lists and to schedule the necessary coordination with LRAs with that target date as a guiding objective.

5. Masterfile changes and RAAIM availability.

Six Cities’ Comments: The Six Cities support the ISO’s general proposal to consider a resource to be non-available for RAAIM purposes if changes to Masterfile variables make the resource ineligible to supply the category of flexible capacity for which it has been shown in an RA plan. The Six Cities, however, do not support the ISO’s position that such a resource should not be able to avoid or mitigate RAAIM non-availability charges resulting from such Masterfile changes by providing substitute capacity that does meet the eligibility criteria for the relevant flexible capacity category. The ISO’s position appears to be based on a technicality relating to the method for reporting or identifying substitute capacity. It does not appear that it would be unduly complicated or burdensome to establish a way of designating substitute capacity when a resource is deemed non-available due to Masterfile changes. Allowing the designation of substitute capacity under such circumstances will contribute to maintaining

reliability while providing a reasonable opportunity for resources to avoid or minimize RAAIM penalties.

The Second Revised Straw Proposal also is inconsistent on this point. At pages 8 and 28 of the text and page 9 of the Appendix A matrix of comments and responses, the Second Revised Straw Proposal states that a resource deemed non-available due to Masterfile changes will not be able to provide substitute capacity. Page 29 of the text states, however “[t]hese resources may provide substitute capacity to avoid exposure to RAAIM charges.” For the reasons described above, the Six Cities urge the ISO to adopt the policy as expressed on page 29 and conform the other references accordingly.

6. Address the RAAIM exemption currently in place for combined flexible capacity resources.

Six Cities’ Comments: The Six Cities appreciate the ISO’s efforts to develop a reasonable approach for applying the RAAIM construct to combination flexible capacity resources and support the pseudo-resource concept described in the Second Revised Straw Proposal.

It appears that implementation of the pseudo-resource approach may require modification of currently effective tariff language relating to submission of economic bids by combined flexible resources. The currently effective language of Tariff Section 40.10.6.1(e)(2)¹ states:

The Scheduling Coordinator for the Use-Limited Resources designated as a combined resource under Section 40.10.3.2(b), 40.10.3.3(b) or 40.10.3.4(b) must submit Economic Bids for Energy for either resource for the full amount of the Flexible RA Capacity required by the applicable must-offer obligation; however, Economic Bids for Energy must be submitted for only one resource in the combination per Trade Day.

The provision limiting submission of Economic Bids in a Trade Day to only one resource in a combination is inconsistent with the hypothetical example discussed at pages 31-32 of the Second Revised Straw Proposal and may be inconsistent with the pseudo-resource concept for application of RAAIM. Further evaluation is necessary to determine whether a modification of Section 40.10.6.1(e)(2) is necessary to accommodate the pseudo-resource approach.

7. Streamlining monthly RA showings.

Six Cities’ Comments: The Six Cities support the ISO’s proposal to automatically roll all RA showings made in annual plans into the monthly showings for all LSEs, while allowing LSEs to modify any monthly showing as necessary to reflect changes from the annual plan.

8. Other.

The Six Cities have no additional comments.

¹ The Six Cities note that, as of the date of these comments, the Tariff as posted on the ISO website does not include Section 40.10.6.1(e)(2). See generally Compliance Filing, *Cal. Indep. Sys. Operator Corp.*, Docket No. ER14-2574-005 (filed Jul. 16, 2015). The ISO’s compliance filing containing this provision was approved effective November 1, 2014. See Letter Order, *Cal. Indep. Sys. Operator Corp.*, Docket No. ER14-2574-005 (issued Sept. 21, 2015).