

Stakeholder Comments Template

Reliability Services Initiative - Phase 2

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 revised draft final proposal for the Reliability Services Initiative - Phase 2 that was posted on July 7, 2016. The revised draft final proposal and other information related to this initiative may be found at: <http://www.aiso.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 **July 21, 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. Clarify Local Regulatory Authority (LRA) interaction and process alignment. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

Six Cities’ Comments: The Six Cities do not oppose the ISO’s decision to abandon the previous proposal to require Local Regulatory Authorities to provide detailed information about their RA programs in template format.

2. Substitution for flexible capacity resources on planned outage. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

Six Cities’ Comments: The Six Cities 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. However, the statement at page 7 of the Revised Draft Final Proposal that the demonstration of the ability of substitute capacity to meet the must-offer obligations of the resource on outage must be made at the time the request for planned outage is made is inconsistent with the timeline for evaluation of outage impacts and substitution requirements set forth in Appendix B of the Revised Draft Final Proposal. In the Appendix B timeline, the ISO evaluates the impacts of planned outages between T-25 and T-22

(relative to the beginning of an RA month) and assigns substitution requirements at T-22. Suppliers have until T-8 to identify substitute capacity. The demonstration that substitute capacity is able to meet the must offer obligation of the resource for which it is substituting should occur at the time the substitute capacity is identified, consistent with the timeline in Appendix B. Requiring that the demonstration be made at the time a planned outage is requested could unnecessarily restrict availability of qualified substitute capacity by limiting ability to consider up-to-date information concerning the status of use limitations.

3. Separate local and system RA for purpose of forced outage substitution. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

Six Cities' Comments: The Six Cities support the ISO's proposals (i) 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, and (ii) to allow for MWs of capacity from a resource, rather than the entire resource, to be designated as local capacity.

4. Process to update EFC list during the year. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*
5. Six Cities' Comments: 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.

As discussed in their December 9, 2015 comments on the Second Revised Straw Proposal and their February 26, 2016 comments on the Draft Final Proposal, the Six Cities encourage the ISO to target publication of revised NQC and EFC lists by T-45D, where T is the deadline for submitting the annual RA showing, and to schedule necessary coordination with LRAs with that target date as a guiding objective. In recognition of the ISO's concerns that a hard cut-off date for publication of NQC or EFC updates may be overly restrictive, the Six Cities do not insist that a date for publishing updates be cast in concrete. However, it would be appropriate, and should be practicable, for the ISO to establish T-45 as a target date (as opposed to an absolute deadline) in the Business Practice Manual and to attempt to schedule necessary coordination with LRAs so as to meet the target date whenever reasonably possible. Posting updated NQC and EFC values by T-45 would benefit both LSEs and the ISO by clarifying RA capability of resources in time to inform procurement of RA requirements for the annual showing.

6. Address the RAIM exemption currently in place for combined flexible capacity resources. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

Six Cities' Comments: The Six Cities support the quasi-resource concept for applying RAIM to combination flexible capacity resources as described in the Revised Draft Final Proposal. The Six Cities appreciate the ISO's confirmation at page 27 of the Revised Draft Final Proposal that the change in terminology from "pseudo-resource" as used in the Second Revised Straw Proposal to "quasi-resource" as used in the Draft Final Proposal and Revised Draft Final Proposal did not affect the substance of the quasi-resource concept as originally described in the Second Revised Straw Proposal.

7. Streamlining monthly RA showings. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

Six Cities' Comments: The Six Cities preferred the ISO's previous 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. The Six Cities recommend that the ISO adopt the rollover concept as previously described.

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

Six Cities' Comments: The Six Cities support the ISO's proposal to exempt an LSE with a monthly RA requirement for a specific month and a specific RA product of less than one MW from the requirement to submit a monthly RA showing for that product, but not to exempt the LSE from potential backstop procurement costs to the extent it contributes to a deficiency that results in backstop procurement.

9. Other