

Small POU Coalition Comments on Reliability Services Initiative - Phase 2 Revised Draft Final Proposal

Submitted by	Company	Date Submitted
<i>Dan Griffiths</i>	<i>Small POU Coalition</i>	<i>July 21, 2016</i>

The Small POU Coalition respectfully submits the following comments regarding the California Independent System Operator Corporation’s (“ISO”) Reliability Services Initiative – Phase 2 (“RSI2”) Revised Draft Final Proposal, released on July 7, 2016.

The Small POU Coalition is an ad hoc coalition of small publicly owned utilities (“POUs”) in California. The Small POU Coalition currently includes the Cities of Rancho Cucamonga, Moreno Valley, Corona, Colton, Needles, Cerritos, and Victorville, Eastside Power Authority, Pittsburg Power Company, and the Power & Water Resources Pooling Authority. Most of these POU’s formed in the last two decades, following deregulation and the California Energy Crisis. POU’s in the Small POU Coalition have a substantially smaller load and administrative capacity in comparison to many of the other utilities within California – some members in the Small POU Coalition have a peak load less than 15 Megawatts (“MW”). Though smaller in size, the Small POU Coalition members serve a diverse array of agricultural, commercial, industrial, and residential customers throughout California.

This Revised Draft Final Proposal contains several significant changes from the previous Draft Final Proposal, particularly to streamlining monthly RA showing and RA showing requirements. The Small POU Coalition hereby provides the following response to those changes.

I. Streamlining Monthly RA Showings

The Small POU Coalition opposes the Revised Draft Final Proposal’s attempt to remove the Resource Adequacy (“RA”) plan rollover. The RA rollover’s removal comes after almost a whole year of discussions between the ISO and Load Serving Entities (“LSEs”) on problems with the ISO’s notification system, and the rollover has been included in the RSI2 stakeholder initiative since the October 7, 2015 Revised Straw Proposal.¹ The RA rollover’s removal is a strange development given the support it has received from several stakeholders during this stakeholder initiative.² The ISO maintains that recent changes to the ISO’s notification system will prevent the notification delays that were subject of two Federal Energy Regulatory Commission (“FERC”) Orders last year, and thus the rollover is no longer necessary.³

The Small POU Coalition appreciates the ISO’s efforts to improve its notification system, but the notification changes are new⁴ and have been not been demonstrated to lead to improvements in the speed of missing plan notification. The Revised Draft Final Proposal does not even describe what these changes are, or how such changes would “address the concern of potential, large, late information penalties being assess[e]d for late RA showings.”⁵ What has been demonstrated is that the “CAISO had taken more than 13 months to identify the missing plan and notify [a LSE]” and that “if a larger utility had not submitted its Resource Adequacy plan, CAISO may have been more likely to notice the impact on the cumulative Resource Adequacy data and thus may have notified the utility

¹ RSI2 Revised Straw Proposal at 15.

² See RSI2 Revised Draft Final Proposal at 27-28 (describing support from Silicon Valley Power and Six Cities).

³ See RSI2 Revised Draft Final Proposal at 4 (describing RA rollover removal).

⁴ ISO staff on the July 14, 2016 Stakeholder Call noted that the changes were implemented in May 2016.

⁵ RSI2 Revised Draft Final Proposal at 6.

more quickly, thereby decreasing the [late information] sanction amount.”⁶ New notification changes that are not described or shown to be effective in the Revised Draft Final Proposal cannot be presented as the reason why FERC’s recommendation to cap information penalties and address the potential for disparate treatment is “arbitrary” and “unnecessary.”⁷

The ISO should: (1) maintain the RA rollover until the notification changes have been demonstrated to be effective over a reasonable time frame; and (2) review and incorporate FERC’s recommendation to cap missing information penalties at a more reasonable amount, similar to the \$500 per event missing information penalty provided by ISO-NE.⁸

II. RA Showing Requirements for Small LSEs

The Small POU Coalition supports the RA showing requirements for Small LSEs. The proposal to allow LSEs with a forecasted RA need of one MW or less in a given month to show zero MW of capacity on their RA showings for that month is helpful. However, the Small POU Coalition believes that a further examination of RA requirements for small LSEs is needed. Presently, the tariff section addressing applicability for RA showings is unnecessarily stringent and only applies if metered peak demand does not exceed 1 MW for *each of the twelve months* in the year.⁹ The Small POU Coalition requests that the ISO evaluate this tariff requirement in a future Draft Final Proposal or subsequent stakeholder initiative.

III. Conclusion

The Small POU Coalition appreciates the opportunity to provide comments on the July 7, 2016

⁶ 153 FERC ¶ 61,225 at 10-11; *see also* 153 FERC ¶ 61,226 at 9.

⁷ RSI2 Revised Draft Final Proposal at 18.

⁸ *See* ISO-NE, Market Rule 1 – Appendix B at 12, 23 (a \$500 per event, rather than per day, missing information penalty).

⁹ ISO Tariff at 40.1.

RSI2 Revised Draft Final Proposal, and thanks the ISO for its review and consideration of these of these comments.

Respectfully submitted,

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/s/ Dan Griffiths

Dan Griffiths
Braun Blaising McLaughlin & Smith, P.C.
915 L Street, Suite 1480
Sacramento, CA 95814
(916) 326-5812 (office)
griffiths@braunlegal.com

Attorneys for the Small POU Coalition