

Comments Of EDF-RE On Draft Tariff Language For the CAISO Dispatch Operating Target Tariff Clarification Initiative

EDF-Renewable Energy (EDF-RE) appreciates this opportunity to offer comments on the tariff language posted in the CAISO's new Dispatch Operating Target (DOT) Tariff Clarification Initiative. This initiative continues the CAISO's earlier efforts (most recently through Proposed Revision Request (PRR) 1004 in the BPM Change Management Process) to define the obligation of Eligible Intermittent Resources (EIRs) to follow CAISO operational directions, vs. the desire of these resources to produce as much as they are able.

The CAISO has tried several times to undertake this effort. Earlier attempts failed for several reasons, among them conflicts in the tariff and problematic implementation details. This effort tries to address these past problems and succeeds to a much greater degree than before. However, there are still questions and issues to resolve.

In a large part, that is due to process problems with the CAISO's approach. The typical CAISO stakeholder process naturally progresses from Issue Paper to Final Proposal/decision, with tariff language posted only after a final decision is made. In this "initiative," the CAISO has already posted draft tariff language, with no description or explanation.

The CAISO should seriously consider stepping back and re-launching this initiative under its usual stakeholder process, or at least an expedited version of it. While the comments here reflect the brief slides posted and some informal discussions with CAISO personnel, EDF-RE is concerned that the CAISO's objectives and intent of the posted language are not clearly stated.

In addition, as noted below, there are many implementation details that should be discussed before the tariff language is filed. Adjustments to the tariff language may be warranted to ease or make feasible implementation of the proposed changes.

Tariff concerns & implementation issues

The proposed changes appear intended to allow EIRs to produce to their capability, i.e., to exceed the Dispatch Operating Target (DOT) in an ADS Dispatch Instruction, unless they receive an Operating Instruction ordering them to follow the Dispatch Instruction. These changes would remove a major inconsistency between the tariff and CAISO operating practice by allowing EIR production above the DOT under most conditions. However, the elements below are still unclear.

- **Substitution of the term "Operating Instruction" for the current "operating order" term in CAISO Market Rules.** The proposal provides that generators must now follow the former instead of the latter. (The new term is proposed for "consistency with NERC standards.")

This terminology change raises the question of the difference between the conditions under which an "operating order" and an Operating Instruction would be issued. The meaning of the two terms may be essentially the same – e.g., that both can be issued to preserve local or system reliability, at the discretion of the operator, and would be invoked under the same conditions – but an explanation and more definitive statement about this issue is warranted.

- **Retention of the tariff provision that failure to follow what is now called Operating Instructions is a CAISO Market Rule violation, but that failure to follow ADS Dispatch Instructions is not.**

EDF-RE's understanding from the posted slides is that the CAISO is proposing to implement this proposal by essentially issuing an Operating Instruction (requiring EIR compliance) through "a negative SUPP flag set to yes" within an ADS Dispatch Instruction. (Normally, that flag would be set to "No" unless the instruction is pursuant to submission of an economic bid, which then requires the EIR to comply.)

However, embedding an Operating Instruction within an ADS Dispatch Instruction blurs the difference between them. Would this turn the ADS Dispatch Instruction as a whole into an Operating Instruction? Some clarification on this point would be helpful.

- **Requirements to exhaust effective Economic Bids before issuing Operating Instructions.**

The new provision requiring EIRs to follow Dispatch Instructions when an Operating Instruction is issued references existing CAISO tariff Section 7.6. That tariff section requires exhaustion of effective economic bids first. This provision is an important clarification that should be included in the new tariff language explicitly.

- **Generator obligations to follow Dispatch Instructions generally.** The proposal would leave in place the existing tariff language that appears to obligate generators to follow Dispatch Instructions, aside from the exception granted EIRs to produce above their DOTs under most conditions. This raises the larger question of generator ability to respond to real-time market price signals without violating the tariff. In other words, situations where real-time market prices strongly indicate a system need for EIRs (and other resources) to deviate from Dispatch Instructions by reducing output are not addressed.

For example, the proposed language does not appear to allow EIRs (or other resources) to reduce output below the DOT based on real-time market signals – e.g., when prices are highly negative. Similarly, the proposed language does not appear to allow resources to increase output when real-time market prices are very high, if they are able to do so.

These market price signals incent generators to make output changes that would benefit the CAISO system, but such intentional actions could be seen as violating the CAISO tariff. Ideally, the CAISO may want such actions to be implemented pursuant to submission of economic bids and then regular economic dispatch; however, the CAISO should also want any resources to modify their output in response to such market signals, even if they have not submitted any economic bids.

- **Other implementation issues**

- **SUPP clarifications:** In the earlier BPM Change Management Process, PG&E raised issues with SUPP (Supplemental Energy) instructions, e.g., whether ADS issues "negative SUPPs" (orders to reduce output) routinely in Dispatch Instructions whenever EIRs are exceeding their scheduled outputs. It is not clear whether this is the case and, if so, whether ADS would still issue a negative SUPP under these conditions but EIR compliance is not required unless the new "flag" is set to "yes."

- **Compliance ability for resources without ADS.** Some EIRs do not have ADS access and thus may not directly receive ADS Dispatch Instructions, including those with the new ADS flag requiring compliance with the Dispatch Instruction. Under the terms of their Power Purchase Agreements (PPAs), those resources produce as much as they can unless directed not to do so by their off-takers/Scheduling Coordinators (often the same parties under this kind of arrangement), so there has been no need for such resources to install access to ADS and/or monitor ADS Dispatch Instructions closely.

The CAISO has said that all generators “can get ADS access directly if their Scheduling Coordinators request it,” but the cost and other implications of this additional operational requirement are not clear and should be discussed.