

Stakeholder Comments Response Matrix Variable Operations and Maintenance Cost Review – Draft Tariff Language

Section	Stakeholder Name	Comment	CAISO Response
30.4.5.4.2	CAISO Department of Market Monitoring (DMM)	<p>The proposed tariff language states: (section 30.4.5.4.2). Effective January 1, 2022, default adders established pursuant to this Section 30.4.5.4.2 will supersede and replace any then-existing default adders previously established for resources with the same fuel source or technology.</p> <p>DMM suggests that the ISO strike the phrase “for resources with the same fuel source or technology” from the proposed language. The fuel source and technology categories are being updated. Striking the language will clarify that the new defaults replace the existing in all cases, not only in cases when a new defaults have replaced existing defaults for the same fuel sources or technologies.</p>	DMM is correct that the categories of resources are changing between the current and to-be-filed tariff language and may lead to unintended consequences upon implementation. The CAISO will update this language in the Final Tariff Language to address the issue.
30.4.5.4.3.2	CAISO DMM	<p>DMM recommends that all deadline be given in business days rather than calendar days. The fifteen day analysis period has been updated but the 10 day notification for calculated values has not (section 30.4.5.4.3.2 CAISO Process:</p> <p>Within ten (10) days after providing written notification to the Scheduling Coordinator that the information is sufficient and accurate,...</p>	The CAISO agrees that this 10 <i>calendar</i> day period should be updated because it may lead to implementation issues. The CAISO will update this to 10 <i>business</i> days and plans to make a similar update to the other reference in the same section of the Final Tariff Language to a 10 calendar day period.
30.4.5.4.3.2	CAISO DMM	Reference values must be calculated for production the evening prior to the day-ahead market run, which takes place the day prior to the effective date of the market. Therefore, rather than being effective the first business day following the termination of good faith negotiations in section 30.4.5.4.3.2, the effective date should be three business days following the conclusion of negotiations.	DMM is correct in noting that there are practical issues with requiring the agreed-upon negotiated Operations and Maintenance (O&M) Adders to be effective on the first Business Day following the resolution date. The CAISO will update this to be three business days in the Final Tariff Language.

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30.4.5.4.2 30.5.4.3.2	Vistra Corp.	<p>Vistra seeks additional clarity on the effective dates included in the draft tariff. The new Tariff Section 30.4.5.4.2 includes the text, “Effective January 1, 2022, default adders established pursuant to this Section 30.4.5.4.2 will supersede and replace any then-existing default adders previously established for resources with the same fuel source or technology.” The Final Proposal proposed a phased approach to the implementation on Page 33 stating, “The CAISO expects the explicit principles to be effective on 5/1/2021; this will allow the CAISO and market participants the time to process negotiated O&M Adder values before the next key date. The next key date is 10/1/2021, when the CAISO proposes to implement the new default O&M Adder values.” We additionally note the comments that CAISO provided on its redline in Section 30.5.4.3.2 referring to an April 1, 2022 effective date for the CAISO process. Based on the Final Proposal, Vistra anticipated the effective date for this section would be October 1, 2021. We request additional context on why the CAISO process language is proposed to be implemented later than the remaining language since this appears to govern an internal process not subject to technology implementation constraints. Vistra respectfully asks the CAISO to clarify whether their implementation plans have changed since the Final Proposal was released and if so how</p>	<p>The CAISO agrees that additional clarity on this matter is important and notes that there was indeed a change between the dates in the published Final Proposal paper and the Draft Tariff Language. While the CAISO believes that we addressed Vistra’s questions to their satisfaction on the public stakeholder call on 11/20/2021, we will reiterate the response here.</p> <p>Effectively, the references to the dates 10/1/2021 and 1/1/2022 found in the Final Proposal should be shifted 3 months into the future, i.e., to 1/1/2021 and 4/1/2021, respectively. The Final Tariff Language proposes to implement the new default Variable O&M adder values on 1/1/2022 and to re-instate the language in Section 30.5.4.3.2 on 4/1/2022. Section 30.5.4.3.2 provides for the various timelines established for negotiations to be temporarily suspended. This temporary suspension will allow the CAISO and market participants to complete the initial influx of negotiations under the new cost principles. The CAISO expects a higher volume of negotiations during this initial period and requests the temporary suspension so that these negotiations can be handled in a manner that is timely but not subject to strict Tariff-defined timelines.</p>
30.5.4.3.1	Vistra Corp.	<p>Vistra seeks clarifications on the principles for negotiated Variable Operations & Maintenance Adders, new Tariff Section 30.5.4.3.1:</p> <p>Clarify Start-Up/Shut-Down includes cycling in 30.5.4.3.1(a): We respectfully request the CAISO clarify that in the language “Any operations costs proposed for inclusion in the Variable Operations and Maintenance Adders must be variable operations</p>	<p>As discussed on the public stakeholder call on 11/20/2021, the CAISO appreciates this comment but will not make changes to the Final Tariff Language for several reasons.</p> <ul style="list-style-type: none"> - First, the Tariff does not have a concept of cycling for storage resources and proposing such a definition is outside the scope of the VOM Cost Review initiative.



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		<p>costs, meaning the costs of consumables and other costs that vary directly with electrical production (i.e., Start-Up/Shut-Down, run-hours, or electricity output) of a resource” the Start-Up/Shut-Down includes cycling for storage resources.</p>	<ul style="list-style-type: none"> - Second, based on the CAISO’s understanding of the concept of cycling of storage resources, cycling would result in a change in the electricity output of the resource. As this language is already included in the proposed principles for cost categorization, including the term cycling in the principles may be superfluous. By saying this, however, the CAISO is not contending that all costs relating to the cycling of storage resources would be considered to be variable costs. Instead, the CAISO is simply noting that the proposed revision might be unnecessary. - Finally, the CAISO is still learning about the O&M costs faced by storage resources and how those would best be categorized under our proposed cost framework. Rather than attempting to pre-emptively define how various costs would be categorized, the CAISO believes that a more prudent approach is to consider each negotiation individually and then propose more universal principles for storage resources as the CAISO and market participants gain experience with these new technologies. Indeed, this is how the cost categorization principles proposed in this Draft Tariff Language were developed; over the past eight years, the CAISO conducted dozens of resource-specific negotiations and developed the principles based on common themes observed during these negotiations.
<p>30.5.4.3.1</p>	<p>Vistra Corp.</p>	<p>Vistra seeks clarifications on the principles for negotiated Variable Operations & Maintenance Adders, new Tariff Section 30.5.4.3.1:...</p>	<p>The CAISO also appreciates Vistra’s comments regarding major components for energy storage resources. The CAISO includes a non-exhaustive list of major components in the Final Proposal which the</p>



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		<p>Request CAISO identify major components excluded pursuant to 30.5.4.3.1(v) in its Business Practice Manuals (“BPM”): We respectfully request the CAISO identify in its BPM the major components by resource type that are not eligible to be included in negotiated values. We recognize that these may not be identifiable until the CAISO has completed future negotiations for some resource types such as storage. We request the CAISO commit to updating its BPM to maintain a list of major components by resource type on a recurring basis.</p>	<p>CAISO expects to incorporate this list into its BPMs, if the Final Tariff Language is approved.</p> <p>Vistra is correct that the CAISO won’t attempt to identify major components of energy storage systems at this time. As the CAISO successfully completes negotiations for O&M adders for storage resources, the CAISO will consider whether updates to the list of major components that we expect to include in the BPMs remains appropriate. The CAISO expects that such considerations will also include determining whether new technology types such as energy storage resources should be added to the list.</p>
<p>30.4.5.4.4 30.4.5.4.5</p>	<p>Vistra Corp.</p>	<p>Additionally, Vistra requests the CAISO combine new Tariff Section 30.4.5.4.4 with existing Tariff Section 39.7.1.3.2.1 and new Tariff Section 30.4.5.4.5 with existing Tariff Section 39.7.1.3.2.2. Our view is that for the Tariff to include two separate sections for this detail that describes the renegotiation or FERC informational filings will in our view make the revised tariff language more confusing. Vistra respectfully prefers the current structure that includes all negotiated values in the Tariff Section 39.7.1.3.2.1, and Renegotiation of Values, and Tariff Section 39.7.1.3.2.2, Informational Filings with FERC. We believe this is a superior construct and urge the CAISO maintain it by merging the new proposed sections for negotiated O&M adders into the existing sections.</p>	<p>Although the CAISO understands the thinking behind Vistra’s belief that its suggested reorganization of the tariff provisions is a superior construct, the CAISO continues to take the view that its own proposal is the better option. Under the CAISO’s organization of the provisions, Section 30.4.5.4 will provide in one location in the Tariff the most significant provisions on the O&M adders, including the default adder values, provisions on negotiation of adders, and also renegotiation and informational filings regarding the adders. Keeping all of these provisions together in the same location in the Tariff will avoid the inconvenience of needing to toggle between Sections 30.4.5.4 and 39.7.1.3.2 to reference the various O&M provisions.</p>