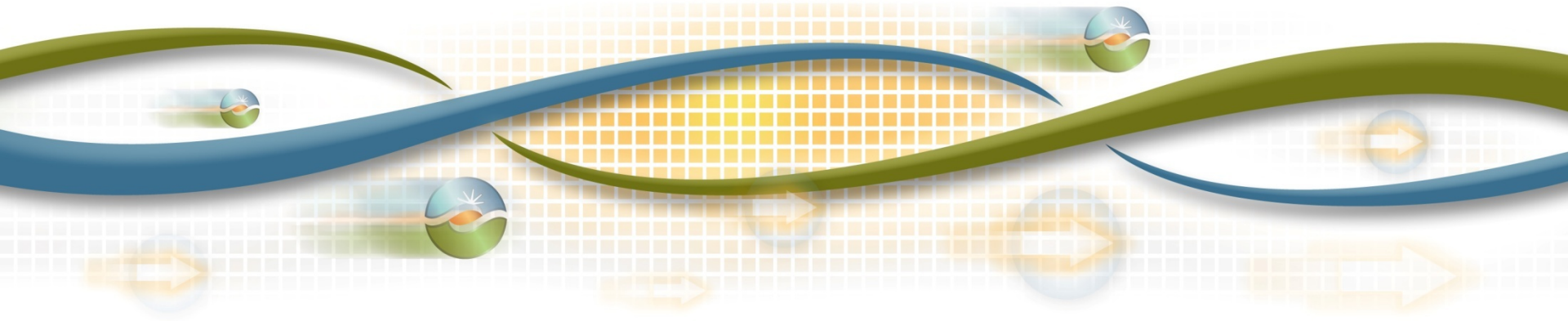


# Black Start and System Restoration Phase 2 Initiative

Scott Vaughan

Draft Straw Proposal Stakeholder Web Conference

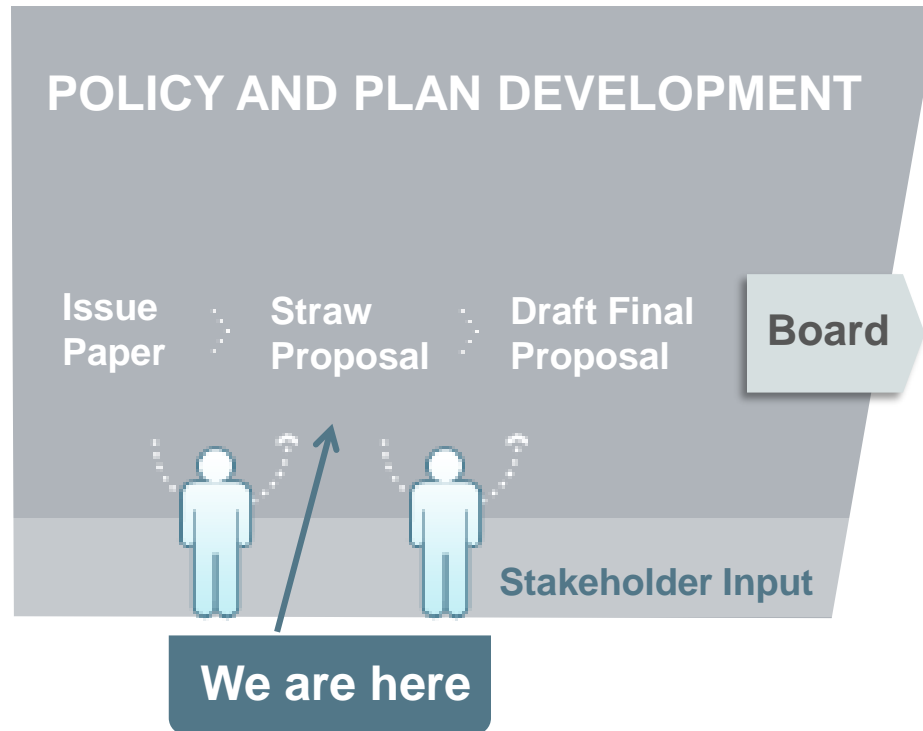
February 21, 2017



# Agenda

Time	Topic	Presenter
9:00 - 9:05	Introduction	Kim Perez
9:05 - 9:10	Stakeholder schedule	Kim Perez
9:10 - 10:55	Stakeholder Comments, Procurement, Compensation, Cost Allocation and Contractual Considerations	Scott Vaughan
10:55 - 11:00	Next Steps	Kim Perez

# ISO policy initiative stakeholder process



# Proposed Stakeholder schedule

Milestone	Date
Issue paper posted	January 17, 2017
Stakeholder call	January 24, 2017
Stakeholder comments due	January 30, 2017
Straw proposal posted	February 14, 2017
Stakeholder call	February 21, 2017
Stakeholder comments due	February 28, 2017
Draft final proposal posted	March 14, 2017
Stakeholder call	March 21, 2017
Stakeholder comments due	April 4, 2017
Board Meeting	May 2, 2017

# STAKEHOLDER COMMENTS

- The ISO received comments from 5 stakeholders.
- Stakeholders are concerned with the technical and contractual specifics associated with any incremental black start service procurement.
- Stakeholders are in favor of a competitive procurement process
- Stakeholders are in favor of allocating costs on a local area basis.
- Due the limited number of resources available the stakeholders are in favor of compensation based on a cost of service model.

# PROCUREMENT

## Straw Proposal:

- The procurement process for incremental black start resources is proposed to be a competitive RFP process with the following steps.
  - The ISO in concert with the affected PTO will develop a black start technical specification that defines the requirements and key selection factors.
  - The ISO will issue an RFP for incremental black start services
  - The ISO will provide the affected PTO the proposals for review and evaluation
  - The affected PTO will apply the selection criteria and submit a written recommendation to the ISO with supporting analysis.
  - The ISO will review the recommendation and supporting information against the selection criteria and either approve or reject it.
  - If approved, the ISO will initiate a contracting process with the black start resource and PTO.

# BLACK START COMPENSATION

## Straw Proposal:

- Compensate resources for incremental black start capability based on a cost of service model that reflects capital and fixed operations and maintenance costs plus a reasonable margin.
- Allocate the costs of incremental black start capability to the respective PTO area in which the incremental black start capability is located.
- Modify existing tariff provisions to recognize the costs of incremental black start capability services costs as defined by the ISO tariff.

The ISO seeks stakeholder comment on this procurement and cost allocation approach.

# CONTRACTUAL CONSIDERATIONS

- The proposed cost of service model will not provide sufficient revenue to keep an uneconomic resource in operation
- Black start contractual commitments should not unduly limit a black start resource's future operations.
- The ISO prefers a multi-year black start resource contract with exit provisions
- The ISO requests stakeholder comments on the appropriate term for a incremental black start resource contract.
- The ISO requests stakeholder comments on whether the RFP selection criteria should assess the likelihood that a resource will operate for the duration of the black start agreement.



# Next Steps

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Stakeholders are asked to submit written comments by **February 28** to [InitiativeComments@caiso.com](mailto:InitiativeComments@caiso.com).