

**Reliability Coordinator Services
Rate Design, Terms and Conditions Draft Final Proposal
Comments of Avangrid Renewables, LLC**

Company	Contact Person	Date Submitted
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Avangrid Renewables, LLC appreciates the opportunity to submit comments to the California ISO (CAISO) on the Reliability Coordinator Services Rate Design, Terms and Conditions Final Proposal. These comments are being submitted one day after the due date. Avangrid regrets the belated submission, although hopes these comments will be accepted as part of the record for this Stakeholder Process.

For context and to reiterate previous comments submitted on the Straw Proposal on May 3, 2018, Avangrid Renewables expects to be an operational Generation-Only Balancing Authority in the Northwest on July 31, 2018. In 2019 when Avangrid could begin to receive RC services from the CAISO, the Avangrid BA expects to have approximately 2,500 MW of installed generation capacity with an estimated annual average Net Generation of 8 TWh. Avangrid Renewables appreciates the improvements that have been made to the Draft Final Proposal, but still would like to call attention to the Net Generation charge that continue to be problematic, especially as related to Generation-Only BAs.

Net Generation Charge Results in Substantial Cost Increase for Generation-Only BAs

CAISO began the RC development process advertising a 50% reduction in costs for entities that might take RC services from them and as the current Draft Final Proposal stands, Generation-Only BAs will be required to pay for a larger share of costs at a substantial rate increase to take RC services from CAISO, as compared to that of Peak RC.



The Draft Final Proposal continues to use a volumetric Net Generation charge for Generation-Only BAs. The proposal indicates an increased proposed rate of \$0.041/MWh to \$0.06/MWh, nearly doubling the initial estimates contained within the Straw Proposal. At these proposed rates, Avangrid Renewables will be exposed to charges for RC services that are 300-400% greater than the rates charged to Generation-Only BAs by Peak Reliability under the current Funding Agreement¹.

Under the Peak RC Funding Agreement, Generation-Only BAs are charged either a minimum annual charge of \$10,000 or 0.015% of the final funding amount for any calendar year. As previously stated, Avangrid Renewables believes Peak Reliability's charge for Generation-Only BAs is justified and should be reiterated given Generation-Only BAs have small footprints, do not operate transmission, do not serve load and have a limited impact to the BES. Additionally, NaturEner has outlined ten important factors that CAISO should take into consideration when developing a charge that is more appropriate for Generation-Only BAs. These factors call out specific requirements that do not apply to Generation-Only BAs and illustrate the distinct differences between the support required for a traditional Load Serving BA and a Generation-Only BA.

CAISO Should Continue to Work to Develop an Appropriate Charge for Generation-Only BAs

Avangrid Renewables would like to see the CAISO continue to work with stakeholders involved in this initiative to re-evaluate the Net Generation charge and instead develop a charge for Generation-Only BAs that more appropriately accounts for the time, resource and cost needed to provide RC services to these entities.

¹

https://www.peakrc.com/Stakeholder/2015_06_10%20Peak%20Board%20and%20Member%20Approved%20Final%20Agreement.pdf