

Reliability Coordinator Rate Design, Terms and Conditions – Straw Proposal

COMMENTS TEMPLATE

| Company | Contact Person | Date Submitted |
|--------------------------|--|----------------|
| Avangrid Renewables, LLC | Erin Kester Manager, Regional Market Structure & Policy erin.kester@avangrid.com 503-796-7110 | May 3, 2018 |

Please use this template to provide your written comments on the stakeholder initiative
“Reliability Coordinator Rate Design, Terms and Conditions”

Submit comments to initiativecomments@caiso.com

Comments are due April 26, 2018 by 5:00pm

Avangrid Renewables, LLC appreciates the opportunity to submit comments to the California ISO (CAISO) on the document dated April 5, 2018 entitled Reliability Coordinator Rate Design, Terms, and Conditions Straw Proposal.

Comment: Rate Design

For background, Avangrid Renewables expects to be an operational Balancing Authority in the Northwest on June 1, 2018. In the fall of 2019 when Avangrid could potentially receive RC services from CAISO, the Avangrid BA expects to have an approximate installed generation capacity of 2,500 MW with an expected annual average Net Generation of 8 TWh.

Peak Reliability currently offers generation-only BAs a fixed price of \$10k/month for RC services. Peak’s offering is justified because generation-only BA’s typically have small footprints, do not operate transmission and have a limited impact to the BES. In Slide 7 of the CAISO RC Rate Design, Terms and Conditions Straw Proposal presentation

dated April 12, 2018, the CAISO outlines several core RC service offerings that do not apply to generation-only BA's.

Under the current CAISO rate proposal, using a volumetric billing determinant of Net Generation (NG) MWh for generation-only BAs, analysis has shown Avangrid would pay nearly double the annual cost for RC services if it were to use CAISO as the RC of the Avangrid BA versus what Peak Reliability is currently charging. This seems counter to the suggestion that the CAISO can provide this service at a reduced cost and in fact under this proposal, generation-only BA's will be expected to pick up a larger share of RC costs. If generation-only BA's were a proportional driver of RC related expenses then this would make sense, but Avangrid believes they are not.

Avangrid would like to see a fixed price option for generation only BA's, or a higher megawatt volume under the minimum charge proposed before the volumetric rate is imposed.

Comment: Settlements Process/Payment Default

Avangrid would like CAISO to consider modifying the proposal to invoice BAs, on a quarterly or annual basis.

Alternatively, Avangrid recommends modifying the payment terms to a longer period, such as 21 or 30 business days. Additionally the \$1000 late payment penalty charge is excessive and should be adjusted.

Comment: Exiting Terms

Avangrid agrees that the initial commitment term of 18 months is reasonable, but for purposes of rate stability, recommends that the proposed 6 month exit provision be expanded to 12 months.

Comment: Other (Tariff Filing)

Avangrid would prefer a bilateral contractual relationship with CAISO for RC services versus a service provided under the CAISO tariff.

Comment: Funding Requirement

Avangrid supports the CAISO proposal to collect a separate RC Operating Budget Reserve to pay for any fines that may be assessed to the RC function that cannot be attributed to a specific entity.

Comment: Other (Hosted Advanced Applications)

Avangrid supports the proposal to charge separately for hosted advance applications.