

## Reliability Coordinator Services

### Rate Design, Terms and Conditions Draft Final Proposal

Company	Contact Person	Date Submitted
Bonneville Power Administration	Young Linn (360) 619-6013 yslinn@bpa.gov	July 11, 2018

The Bonneville Power Administration (BPA) appreciates the opportunity to provide comments on the CAISO's reliability coordinator services rate design, terms and conditions draft final proposal. BPA is a federal power marketing administration within the U.S. Department of Energy that markets electric power from 31 federal hydroelectric projects and some non-federal projects in the Pacific Northwest with a nameplate capacity of 22,500 MW. BPA currently supplies 30 percent of the power consumed in the Northwest. BPA also operates 15,000 miles of high voltage transmission that interconnects most of the other transmission systems in the Northwest with Canada and California. BPA is registered as a Balancing Authority (BA) and Transmission Operator (TOP).

**Comment: General.** BPA appreciates the CAISO's responsiveness to comments on the straw proposal, including its flexible approach towards billing. This will allow federal entities to be billed monthly, and all other entities, including TOPs embedded within a federal entity's BA area, to be billed annually. BPA is also pleased to see that the CAISO adopted, for the most part, commenters' suggestions on defaults, additional time to pay bills, and exit notice provisions, as well as providing more detail on hosted advanced network applications.

**Comment: Reliability Coordinator Scope of Services.** BPA agrees that the Western Interchange Tool (WIT) and the Enhanced Curtailment Calculator (ECC) tool should be part of the core reliability coordinator services that the CAISO plans to offer. Although BPA supports creating a transition plan to ensure that these tools continue to be centrally managed and available, BPA seeks additional information on when such plans will be finalized and shared with potential reliability coordinator customers.

The Draft Final Proposal and the June 27, 2018 slides suggest that CAISO intends to include only the ECC for the Qualified Paths of the Western Interconnection Unscheduled Flow Mitigation Plan (WIUFMP) in its RC area as part of its reliability coordinator core services. The CAISO should clarify how it intends to respond to relief actions on other Qualified Paths and how it will use the ECC Final State design. The ECC Final State design will expand the monitoring capability that is critical to system reliability to a greater set of elements beyond just the WIUFMP Qualified Paths, and assign relief obligations among BAs/TOPs contributing to flow exceedances on the expanded set of elements.

**Comment: Reliability Coordinator Service Agreements.** BPA appreciates the CAISO incorporating contract provisions that reflect BPA's unique status as a federal agency. However, BPA urges the CAISO to re-consider its position on directly allocating penalties to reliability coordinator customers. BPA notes that several commenters asked for these penalties to be paid out of CAISO reserves, which all reliability coordinator customers would contribute to. BPA understands that the CAISO feels that it is bound by a FERC order, which requires all RTOs/ISOs to be able to directly allocate penalties. However, BPA believes that providing reliability coordinator services is not an RTO/ISO function, and, as stated in its comments on the straw proposal, the CAISO could allocate penalties consistent with Peak's existing practice. If the CAISO cannot accept this approach, BPA requests that Schedule 2 include a provision that clearly states federal entities do not waive their jurisdictional defenses. WAPA has suggested such language in its comments and BPA urges the CAISO to incorporate it.

BPA also notes that the service agreement is subject to the laws of California and that the venue for any judicial matter is within the state of California. Federal law, however, applies to contracts that BPA enters into, and federal law establishes venue for any contract action against BPA. An additional provision in Schedule 2, similar to what is in current agreements between BPA and the CAISO, would address this concern, or the CAISO could use more general language, similar to section 15.3 of the funding agreement with Peak Reliability.

BPA looks forward to seeing the CAISO's revised Reliability Coordinator Service Agreement and associated tariff language, and will likely offer more edits through the subsequent comment process. BPA, however, believes that the deadline for commenting on Reliability Coordinator Service Agreement and the revised tariff language is too short and should be extended to August 15. Extending the deadline would allow interested parties to develop consistent positions, as has happened in the past. In the long run, this leads to a smoother and more efficient process.

**Comment: Reliability Coordinator Funding Requirement and Rate Design.** BPA has questions and concerns regarding the CAISO's proposed level of staffing and FTE

allocations between the reliability coordinator function and CAISO's BA, TOP and market services functions, especially if most BAs and TOPs decide to take reliability coordinator services from the CAISO. BPA will continue to pursue this matter through the Reliability Coordinator Project Steering Committee.

The CAISO should also re-consider placing a cap on its reliability coordinator costs going forward. As stated in BPA's comments on the straw proposal, such a cap would provide more certainty to reliability coordinator customers.

It also appears that that the CAISO's draft final proposal to base reliability coordinator costs off of level 2 activities, as opposed to its straw proposal to base costs off of level 1 activities, changed the percentage of shared activities, such as model maintenance, allocated to the RC function from 40% to 50%. BPA requests an explanation for why the percentages changed.

**Comment:** Reliability Coordinator Settlement Process. The CAISO should revise its settlement process to ensure that the collection of billing data volumes is consistent with the data collected for WECC's and NERC's annual request for net energy for load (NEL) and the FERC Form 714 reporting requirements. WECC, NERC and FERC require balancing authorities to submit NEL for the previous calendar year, whereas CAISO is proposing to have balancing authorities submit NEL data from the preceding July 1 through June 30 period by September 30. These approaches are inconsistent and would cause balancing authorities to compile and submit two different NEL values.

BPA understands that the CAISO believes its process would more accurately measure load in the CAISO BA because community choice aggregators (CCAs) are serving a greater proportion of that load. Yet whether load in the CAISO BA is served by CCAs or incumbent utilities does not ultimately change the amount of load within the CAISO BA, which is relatively stable from year to year. Also, to BPA's knowledge, no CCA is either a BA or a TOP. Therefore, the amount of load a CCA serves should not matter for the purpose of allocating costs among BAs and TOPs. Since the burden of calculating two different NEL values does not provide commensurate benefits, the CAISO should ensure its approach is consistent with FERC, NERC, and WECC.