

CDWR-SWP's comments on Alternative Options for the Availability Standard and Replacement Rule components of the Standard Capacity Product II Initiative

April 1, 2010

The California Department of Water Resources State Water Project (SWP) appreciates the opportunity to provide comments and questions to the California Independent System Operator (CAISO) on its Draft Proposal “Alternative Options for the Availability Standard and Replacement Rule components of the Standard Capacity Product II Initiative” dated March 18, 2010. SWP reiterates some of the issues it raised in the previous set of comments filed on March 3rd, 2010 that have not been addressed in the Draft Proposal. SWP respectfully submits following comments and questions:

A. Issues from SWP's comments filed on 3/3/2010 that are not addressed

1. NRS-RA issues relative to Standard Capacity Product (SCP): Since the issues related to the Non-Resource Specific RA resource (NRS-RA) relative to SCP have been deleted from the Feb 19th draft final proposal, the CAISO should, in this context, consider comments submitted on the January 19th straw proposal-SCP II with regard to the NRS-RA resource issues and assess their significance in the initiative—“Bids and Outage reporting for NRS-RA Resources”. The CAISO should address prior comments, even as it changes the locus for issues relating to this topic. [SWP expects that this issue will be fully addressed in the NRS-RA initiative.](#)
2. Planned outages issues:
 - a) SWP recognizes that the SCP II final proposal (to be effective January 2011) will revise rules with respect to planned outages with substitute units that do not count against RA availability. Nonetheless, the CAISO should make clear in the interim how the SCP tariff provisions address the planned outages of the RA resources under the CAISO tariff, in the event the Local Regulatory Authority has not spelled out these changes. Neither the current tariff nor the BPM expressly state how RA units under planned outage will be treated. For example, the CAISO should explain how it will assess RA availability when such resources are in planned outage or in the event of planned outages if there is a requirement to substitute such resources. [The CAISO's answer is necessary to enable market participants to understand how such a resource would be treated](#)
 - b) The proposal states that for planned outages longer than a week, a supplier will need to report details of such outage in its supply plan and put a request into SLIC. The proposal does not state how planned outages lasting less than a week are going to be treated. Will the planned outages less than a week be counted against monthly SCP availability of the resource? Will a substitution be required if the RA resource's planned outage of less than a week is counted

against availability? [The CAISO's answer is necessary to enable market participants to understand how such resource would be treated](#)

- c) QC evaluation hours and availability assessment hours alignment for intermittent resources: In the CAISO tariff §40.8: CAISO Default Qualifying Capacity Criteria, the historical hours (noon through 6 pm) used to estimate qualifying capacity (QC) does not align with the RA availability assessment hours for months other than April through October. In order for appropriate QC to be made available during the RA availability assessment hours (currently effective, April-Oct: hrs 14:00-18:00; other months: hrs 17:00-21:00), the QC evaluation hours should at least include all the RA availability assessment hours. QC evaluated during hours that do not coincide with the availability assessment hours may not be available and the availability result may be skewed. Alignment of time frames for QC evaluation and availability assessment hours may yield truly representative QC for the resource by month and improve the availability of the resource. [The instant Draft Proposal does not resolve this matter. The paper indicates that the CAISO is reviewing options for coordinating these time frames. Clear resolution of this issue should be made available in the draft final proposal.](#)
 3. ICPM resource availability and SCP availability standard: As part of the SCP II process the CAISO should clarify or whether and why double incentives or penalties may be contemplated for ICPM designated RA resources. The CAISO tariff Appendix F Schedule 6 (ICPM Schedules) states that target availability for a resource designated under ICPM is 95% and incentives and penalties for availability above and below the target are set forth in the “Availability Factor Table”. This discussion does not explain why or why not an ICPM designated resource will be subject to SCP availability standard and corresponding incentives and penalties just as any other RA resource. If ICPM designated resource is subject to SCP availability standard, then what is the significance of “Availability Factor Table”? If both SCP availability standard and ICPM “Availability Factor Table” are applicable, isn't one of them redundant? In other words either double incentives or double penalties could be associated in the transaction. [CAISO's answer is necessary to enable market participants to understand how ICPM designated resource will be treated under SCP rule.](#)
- B. SWP's additional comments:**
4. This paper proposes that the assessment of SCP metric will be based on the formula: $\text{Min}(100\%, \text{Max}(\text{energy delivery}; \text{proportional derate metric}))$; Apparently this seems to be a better option because it will maximize the SCP availability either by delivery of energy or the proportional derate metric. The examples provided in the paper only consider assumed Net Qualifying Capacity (NQC). The proposal states that the methodology is based on the principle that the observed historical production of such a resource, on which its NQC is based, occurred during hours when the nominal capacity of the resource (e.g., its Pmax) was fully available. An example that illustrates how NQC number is derived from the historical production would make the proposal simpler to understand.

5. The CAISO should clarify how long will be the ICPM designation of RA units to replace the planned outage. Will it be the period to cover when the RA unit that goes in planned outage or for the whole compliance month?