

Reliability Must Run and Capacity Procurement Mechanism Enhancements

Third Revised Draft Tariff Language

Comments by Department of Market Monitoring

April 11, 2019

1. Section 11.5.6.2.3 (p. 9): Section added is not specific to RMR resources
2. Section 11.5.6.2.4 (p. 9-10): Same as above – the section added is not specific to RMR resources
3. Section 11.8.2.1 (pp. 11-12) and Section 11.8.4.1 (p.21):
 - a. Section 11.8.2.1: “IFM Minimum Load Cost less ~~Load~~ Opportunity Costs”
 - b. In the calculation of IFM and RTM bid costs the ISO subtracts Major Maintenance Costs from Minimum Load and Start-Up Costs, but Transition Costs are a function of Start-Up Costs and could embed Major Maintenance Costs (MMAs) if MMAs change between configurations. The ISO should clarify that that MMA costs will be clawed back from Transition Costs as well, to the extent MMAs are reflected in such costs.
4. Section 39.7.1.6 (pp. 50-51) – The ISO should consider only allowing RMR units to select Variable Cost and Negotiated Rate Options for Default Energy Bids. The LMP DEB option could allow RMR resources to retain market rents above variable costs when its LMP-based DEB exceeds actual marginal costs.

Clarifications between tariff and pro forma regarding some terminology used between the two:

5. The terms “RMR Dispatch”, dispatch subject to a “RMR Dispatch Notice”, and “Manual RMR dispatches” are used in the draft tariff language and pro forma.

Based on tariff/pro forma revisions, it seems the ISO intends to use “RMR Dispatch” to describe economic, bid-based dispatch of RMR resources and “Manual RMR Dispatch” and “RMR Dispatch Notices” to describe manual dispatch authority under an RMR contract, but this is unclear in some areas.

- a. On page 75 of draft tariff language – Definition of “Manual RMR Dispatch” is revised to – “An RMR Dispatch Notice issued by the CAISO for a reliability service available pursuant to an RMR contract”

But “Manual RMR Dispatch” terminology is crossed out in the draft pro forma (p. 6), and in all other places in RMR tariff sections and pro forma – it appears this term would only show up in the tariff definitions section.

- b. In the draft pro forma on page 9, the term “RMR Dispatch Notice” is added and defined as applicable to manual dispatches for AS, Voltage Support, and Black Start.

But, the definition of “RMR Dispatch Notice” is not revised in the draft tariff language. The existing tariff definition is “Notice received by an RMR Unit from the CAISO

containing an RMR Dispatch". – should the tariff definition be revised to be consistent with the pro forma or vice versa?

- c. The definition of "RMR Dispatch" is not revised in the draft tariff and is currently defined as "The quantity of Energy or Ancillary Services that is mandated by the CAISO to be delivered in a given market for a resource by an RMR Unit under an RMR Contract." This sounds like a manual dispatch.

But in the "RMR Dispatch" section of the draft tariff (Page 59, Section 41.5), all references to "RMR Dispatch Notice" have been removed in this section. This section has been revised to refer more to dispatch of RMR based on resource bids into the market, not manual dispatches.