

**Stakeholder Process: Phase 1 Frequency Response Proposal****Summary of Submitted Comments**

**Stakeholders submitted four rounds of written comments to the ISO on the following dates:**

- Round One (comments on Issue Paper), 08/27/15
- Round Two (comments on Straw Proposal), 11/02/15
- Round Three (comments on Working Group Presentation), 01/04/16
- Round Four (comments on Draft Final Proposal), 02/23/16

**Stakeholder comments are available here:**

<http://www.caiso.com/informed/Pages/StakeholderProcesses/FrequencyResponse.aspx>

**Other stakeholder efforts include:**

- Stakeholder web conference on Issue Paper 08/13/15
- Stakeholder web conference on Straw Proposal 10/19/15
- Working Group web conference, 12/14/15
- Stakeholder web conference on Draft Final Proposal, 02/09/16

<b>Management Proposal</b>			
<b>Stakeholder Comments</b>	<b>Procure frequency response from neighboring balancing areas as an interim measure.</b>	<b>Revise governor tariff requirements.</b>	<b>Designate spinning and non-spinning reserves as contingency only</b>
<b>California Department of Water Resources State Water Project (CDWR)</b>	Conditional support — if lowest cost solution. Does not believe costs should fall solely on measured demand as frequency response benefits all market participants.	No comment	No comment
<b>California Energy Storage Alliance (CESA)</b>	Conditional support — seeks definitive assurance that the ISO will develop a robust and efficient in-market solution.	No comment	No comment
<b>California Large Energy Consumers Association (CLECA)</b>	Supports	Supports	Supports
<b>Calpine</b>	Supports	Supports — suggests ISO reevaluate overall performance and need for further requirements.	No comment

Management Proposal			
Stakeholder Comments	Procure frequency response from neighboring balancing areas as an interim measure.	Revise governor tariff requirements.	Designate spinning and non-spinning reserves as contingency only
NRG Energy, Inc. (NRG)	Opposes — Believes compensation to external balancing areas discriminates against internal generators.	Seeks clarification — requests ISO detail what information it will require from generators concerning coordinating plant controls and frequency response modeling prior to the conclusion of this stakeholder process.	Observes this will likely impact bidding behavior of market participants.
Pacific Gas & Electric Company (PG&E)	Supports — seeks assurance that ISO's competitive solicitation process is, in fact, competitive, and that parties will have the opportunity to intervene based on evaluation of contract terms.	Supports — seeks clarification on specificity of acceptable controls.	No comment
Powerex	Supports	No comment	No comment

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Stakeholder Comments	Procure frequency response from neighboring balancing areas as an interim measure.	Revise governor tariff requirements.	Designate spinning and non-spinning reserves as contingency only
Six Cities	Conditional support — suggests rejecting bids from external Balancing Areas that are higher than the cost of using exceptional dispatch to meet the frequency response obligation.	No comment	No comment
Southern California Edison (SCE)	No comment	No comment	Conditional support — believes ISO should apply such designations only in hours with primary frequency response deficiencies.
San Diego Gas & Electric (SDG&E)	Supports	Supports	Supports

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Western Power Trading Forum (WPTF)	Uncertain — Concerned about efficiency of exceptional dispatches competing with external Balancing Area Authorities. Concerned that the proposed structure discriminates against resources within the ISO system.	No comment	No comment
Management response	Management proposes to transfer a portion of the ISO's frequency response obligation to neighboring balancing areas as an interim means of complying with the NERC frequency response standard. This will be an efficient means to comply with the standard given such an approach is implementable in the interim and many balancing authority areas in the Western Interconnection have excess frequency response capability. Although the ISO expects to receive competitive offers, if offers are not competitive, the ISO will rely on exceptional dispatch as an interim solution. A balancing authority's frequency response capability is a function of its generation fleet. Currently the ISO dispatches its generation fleet to optimize energy and ancillary service needs of the system. Management will examine options for a more comprehensive,	The proposed adjustments to minimum governor performance align with the NERC reliability guidelines on primary frequency control. The requirement for generators to provide governor control system and plant control system data provides resource-specific data such as droop settings, dead bands, frequency responsive maximum output level, and temperature loop control levels necessary as inputs for the development of an eventual market-based solution. Accessing such data would enable the ISO to account efficiently for related generation deviations and avoided unit damages related to temperature and other reliability controls. The ISO tariff revisions would clarify under Section 4.6.5 that resources with governor controls are responsive to frequency deviations in accordance with Good Utility Practice. The ISO finds these adjustments to minimum governor	The ISO is clarifying its existing authority to designate spinning-reserves as <i>contingency only</i> for reliability purposes. This practice enables the ISO to ensure primary frequency response capability from reserves when needed to comply with the reliability standard. Management does not believe that this will have detrimental impacts on market efficiency for two reasons: 1) it will provide greater assurance of how much frequency response will be provided from the ISO generation fleet, which will reduce the amount of frequency response obligation that needs to be transferred to neighboring balancing authority areas; and 2) operations frequently designates spinning reserves as contingency only today to maintain reserve levels.

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	<p>long-term solution, including dispatching the fleet in a way to provide more frequency response, in a second phase of the stakeholder initiative. Allocating the costs to load is consistent with the allocation of costs of NERC reliability fees and other types of reserves.</p>	<p>performance align with the NERC reliability guidelines on primary frequency control. Specifically, the ISO is requesting the coordination of governor control system and plant control system data such as droop settings, dead bands, frequency responsive maximum output level, and temperature loop control levels as inclusions in the ISO Masterfile. These inputs support the development of an eventual market-based solution. Accessing such data would enable the ISO to account efficiently for related generation deviations and avoided unit damages related to temperature and other reliability controls.</p>	