

Stakeholder Process: Reliability Services Initiative Phase 2

Summary of Submitted Comments

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

- Round one, 7/10/15
- Round two, 9/09/15
- Round three, 10/26/15
- Round four, 12/09/15
- Round five, 2/26/16
- Round six, 7/26/16
- Round seven, 9/30/16

Stakeholder comments were received from:

Calpine, California Department of Water Resources (CDWR), California Large Energy Consumers Association, California Public Utilities Commission (CPUC), Dynegy, NGK Insulators, Northern California Power Agency, NRG Energy Inc., Olivine, Pacific Gas & Electric (PG&E), Powerex Corp., San Diego Gas & Electric (SDG&E), Silicon Valley Power, Six Cities, Small POU Coalition, Southern California Edison (SCE), and Western Power Trading Forum (WPTF).

Stakeholder comments are posted at:

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

Other stakeholder efforts include:

- Web Conference, 7/02/15
- Meeting, 8/26/15
- Web Conference, 10/14/15
- Web Conference, 11/20/15
- Web Conference, 2/02/16
- Web Conference, 7/14/16
- Web Conference, 9/23/16

1. Management Proposal: Local and system RA capacity designation

Stakeholder	Position	Comments
Calpine	Support	Fully supports the proposal because it is fundamentally fair in that it requires substitution with capacity similar in quality to the capacity for which it substituting.
CDWR	Support	Supports the proposal to allow resources in a local area procured for system RA that go on forced outage to be substituted with another system resource to avoid availability charges. CDWR also supports that a resource can be shown for both system (including flexible) and local RA.
NRG	Support	Strongly supports the ISO's proposal. It is unreasonable and expensive to require parties to substitute system capacity located in a local area that they have sold at reduced prices with capacity located within the same local area. The obligation to replace capacity must be consistent with the type of capacity product sold.
SCE	Support	Does not object to the policy developed within this initiative. It seems reasonable to separate system and local RA showings.
Six Cities	Support	Supports the ISO's proposals (i) to allow system capacity to substitute for capacity that is located in a local area but has been shown for system RA when such capacity is subject to forced outage, and (ii) to allow for MWs of capacity from a resource, rather than the entire resource, to be designated as local capacity.
SVP	Support	Strongly supports not creating an additional template for reporting of system and local showings.
WPTF	Support	Supports the proposal because requiring local substitution for capacity that is not needed to meet the local requirement is unnecessary, costly and onerous.
CPUC	Oppose	Proposal could adversely affect reliability, increase costs, create confusion, and result in inconsistencies with the CPUC's RA showing requirements.
PG&E	Oppose	Proposal will cause unnecessary implementation costs, confusion, and unintended consequences to reliability.
SDG&E	Oppose	Proposal adds additional complexity, unbundling prioritizes compensation over physical capability,

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		and a resource may withhold bundled local capacity and force ISO backstop procurement.
Olivine	No Comment	
Management Response	<p>Management has worked closely with stakeholders to develop a proposal that equitably treats resources for purposes of substitution. A majority of stakeholders support the proposal. The proposal revises the substitution obligation to closely align it with the category of capacity that was procured, i.e., system or local. The proposal also better aligns the category of capacity procured with the costs of substitution. In response to stakeholders that do not support the proposal, Management believes the proposal is an equitable solution because substitution requirements for a supplier should mirror the capacity category of the procured resource. Management proposes to work with stakeholders during development of the tariff and business practice manual language to provide any necessary clarifications and reduce implementation complexities.</p>	

2. Management Proposal: Process to update Effective Flexible Capacity (EFC) list during the year

Stakeholder	Position	Comments
CPUC	Support	Supports proposed process.
NRG	Support	Supports proposed process.
Olivine	Support	Supports the proposal because it addresses unique aspects for demand response participation in RA.
PG&E	Support	Supports proposed process.
SCE	Support	Supports proposed process.
SDG&E	Support	Supports the proposal, but requests adding a provision for market participants to have a minimum time to review the draft EFC list at the beginning of the year.
Six Cities	Support	Supports the proposal, but encourages targeting publication by T-45 and coordinating with LRAs on the target publication date.
Calpine, Six Cities, WPTF	No Comment	
Management Response		Stakeholders generally support the proposal to update the EFC change process. The new process will provide greater flexibility for resource owners to update the characteristics of their resources. In response to stakeholders that suggest a defined target publication date, Management has proposed that it will continue to work collaboratively with LRAs to publish NQC and EFC lists.

3. Management Proposal: RA showing tracking and notification

Stakeholder	Position	Comments
CDWR	Support	Supports the change in the Revised Draft Final Proposal to no longer propose automatically rolling an LSE's RA showings from the annual into the monthly showings.
NRG	Support	Will support proposal if tracking and notification will apply to suppliers too.
PG&E	Support	Supports the ISO's proposed approach to RA showing tracking and notification
SCE	Support	No issue with new proposal to track and notify LSEs.
SDG&E	Support	In addition to a follow up notification of late RA showings, requests that the ISO proactively contact market participants before RA showings are due.
Six Cities	Oppose	Prefers previous proposal that automated a rollover of showings made in annual plans into monthly showings.
Small POU Coalition	Oppose	Prefers previous proposal that automated a rollover of showings made in annual plans into monthly showings.
SVP	Oppose	Prefers previous proposal that automated a rollover of showings made in annual plans into monthly showings.
Calpine, CPUC, DMM, NRG, SCE, WPTF	No Comment	
Management Response		A majority of stakeholders do not have a position on the proposal; although a few stakeholders would prefer Management's initial proposal to automate rollover of showings. Management did not ultimately go forward with the rollover proposal as it could likely lead to inaccurate accounting of RA resources. Management believes that the current reporting tool and notification process detailed in the proposal will provide sufficient protections to all stakeholders regardless of their size. Additionally, Management believes that the proposed changes can be readily implemented in an efficient and effective manner to assist stakeholders that are late in submitting their monthly RA

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		<p>showings. Management proposes to closely monitor customer service's communication process and, if needed, may consider further enhancements. Management does not support notification to suppliers. Supply plans can only be submitted if an LSE procures a resource and submits an LSE RA showing. This dependency on an LSE's RA showing creates a level of implementation complexity.</p>

4. Management Proposal: RA showing requirements for small LSEs

Stakeholder	Position	Comments
NRG	Support	Does not object to the proposal.
PG&E	Support	Supports the ISO's proposed approach to RA showing requirements for small LSEs.
SCE	Support	Encourages the ISO to continue to update stakeholders on the magnitude of the exempted RA showings.
Six Cities	Support	Supports the ISO's proposal to exempt an LSE with a monthly RA requirement for a specific month and a specific RA product of less than one MW from the requirement to submit a monthly RA showing for that product, but not to exempt the LSE from potential backstop procurement costs to the extent it contributes to a deficiency that results in backstop procurement.
Small POU Coalition	Support	The proposal to allow LSEs with a forecasted RA need of one MW or less in a given month to show zero MW of capacity on their RA showings for that month is helpful.
SDG&E	Oppose	Current proposal lacks clarity and specific details.
Calpine, CPUC, DMM, WPTF	No Comment	
Management Response		A majority of stakeholders support the proposal. In response to a stakeholder's request to provide greater clarity, Management has provided additional details regarding the proposal and will continue to do so during development of the tariff language and business practice manual process.