



MSG Tariff Change for RRS GO

DRAFT Final Proposal

August 6, 2013

1. Introduction

As a result of the implementation of the Required Replacement for Scheduled Generation Outages (RRSGO) initiative, an issue has arisen with respect to the automatic submission of bids for multi-stage generation (MSG) resources which are resource adequacy (RA) resources and which fail to submit bids or self-schedule the resource. This Draft Final Proposal describes the issue and why it has arisen and explains the ISO's proposed methodology to address the issue by modifying the required data submissions by MSG RA resources. The proposed methodology requires a minor tariff change in order for implementation. This paper also describes an abbreviated stakeholder engagement process and tariff filing plan which the ISO believes will both allow for stakeholder interaction and comments and still allow the tariff change to be effective in December, in order to allow this RRS GO change to be implemented with other scheduled RRS GO implementation changes. If stakeholder comments indicate meaningful opposition to the proposed changes, the ISO would delay the tariff filing to allow for additional discussions with stakeholders on how best to resolve the issue.

2. Background

With the implementation of RRS GO, the RA value for a resource can change on a daily basis, rather than remaining constant for the entire month as was the case previously. This results because under the replacement rules in RRS GO resources having a planned outage or unit derate during the month may need to replace the capacity for days when the overall system RA capacity is below the monthly requirement. This has meant that RA capacity is measured on a daily basis. Additionally, units that are being used as a replacement resource for another unit which has a planned outage are also considered as providing RA capacity only on those days they are serving as replacement RA capacity. Because the RA value may change on a daily basis, the ISO must make changes to the process of submitting default bids into the ISO markets when an RA resource has failed to submit its own bids or self-schedule. This has specific consequences for MSG units.

RRSGO has changed the way the RA MWs for a resource are considered; by requiring some RA resources to be replaced when on outage, and thus also creating replacement RA resources. An important change is that the amount of RA a resource is providing may differ for different days of the month. For example, a resource being used as replacement resource for 2 different RA resources which are on outages during the month may be providing 100 MWs of RA for the first week of the month as a replacement for the first RA resource, and 300 MWs of RA for the last week of the month as a replacement for the second RA resource, as well as providing 100 MWs of RA for the entire month for an LSE. Thus, on various days of the month this unit is providing 100, 200, or 400 MWs or RA capacity.

Before RRS GO, RA resources were assumed to provide a constant monthly RA value. For MSG units, they would submit a default RA configuration, corresponding to the monthly RA value, and a preferred MSG configuration path to get the default MSG RA configuration. When the SC for the resource failed to submit a bid or self-schedule for the RA MSG unit, the configuration and path to use were clear from this

default configuration and path. However, with the RA value potentially changing on a daily basis, the current single value for the default RA configuration is no longer sufficient to determine the bid to submit. Additionally, if the default configuration may differ (for a different RA value) the configuration path to that default configuration may also differ.

3. ISO Draft Final Proposal

In order to address the issue outlined above, the ISO proposes to modify the procedures MSG generation units which are RA resources follow to provide the information necessary for the ISO to insert default bids for the MSG unit should it be necessary. As explained above, the change to a daily RA level required by RRS GO requires modifications to the default MSG RA configuration and path. The ISO proposes two relatively minor changes that it believes would represent the best method to provide the ISO with sufficient data to create default RA bids for the MSG units. The two changes are:

- 1) Instead of one default RA configuration, MSG resources will submit a table which shows the default configuration for all potential RA amounts.
- 2) Instead of the SC submitting a default path to the default configuration, since there may now be several default configurations, the ISO will use the information provided by the MSG unit on its possible configurations in the Master File to determine the optimal path given the default configuration for the specific daily RA value and the existing market conditions.

The first change is a slightly modified version of the existing rule which is necessary to accommodate the potentially different RA values within the month after RRS GO. Since a single RA configuration may not be appropriate for the range of potential RA values, the proposed table of configurations and RA values ensures that no matter what the RA value is, the default configuration is known. Although the ISO believes that current language in section 27.8.2 of the ISO tariff provides sufficient authority to implement the configuration table approach, to avoid any future confusion the ISO proposes to amend the second-to-last sentence of this tariff section as follows: “The Scheduling Coordinator must submit a table establishing the default MSG Configuration for every MW quantity for which the and its associated Default Resource Adequacy Path that apply to Multi-Stage Generating Resources that are subject to potentially could hold a Resource Adequacy must-offer obligations.”

The second change removes the concept of a default configuration path from the tariff. The ISO believes that this is also a minor change and should not have any significant impact on MSG units. The SC for the MSG still determines the default RA configuration. For most RA levels and default configurations there likely will be only one possible path, and in those situations where there might be more than one potential path, allowing the ISO optimization software to determine the best path will allow the path determination to be done taking into account the current market situation and the expected situation in the near future. The information on where the market is expected to go in the

near future will allow the path selected to be the most appropriate. This should benefit the ability of the ISO to optimize the market, but should also ensure that RA resources are used in the most efficient manner. Additionally, RA units can avoid having the path determined by the ISO by always submitting their own bids for the resource and thus ensuring that the ISO never submits bids on their behalf.

The tariff changes the ISO proposes would be to eliminate any scattered references to the term “Default Resource Adequacy Path” and amend section 30.7.3.5 as follows:

If a Scheduling Coordinator does not submit a Bid in the Day-Ahead Market or Real-Time Market for a Multi-Stage Generating Resource with a Resource Adequacy must-offer obligation at a MSG Configuration that can meet the applicable Resource Adequacy must-offer obligation, the CAISO will create a Generated Bid for the default Resource Adequacy MSG Configuration. If the Multi-Stage Generating Resource is not capable of Start-Up in the default Resource Adequacy MSG Configuration, ~~the CAISO will create a Generated Bid for every MSG Configuration in the registered Default Resource Adequacy Path~~ then the ISO will, based on feasibility of transitions, create a Generated Bid for every MSG Configuration that has a minimum output below the MW level of the Resource Adequacy must-offer obligation, which will cover the operating range from its minimum output to the minimum of its maximum output and the MW level of the Resource Adequacy must-offer obligation. In the event that the Scheduling Coordinator does not submit a Bid in compliance with section 30.5.1(p), the CAISO will create a Generated Bid for all of the capacity not bid into the CAISO Market between the maximum bid-in Energy MW and the higher of Self-Scheduled Energy MW and the Multi-Stage Generating Resource plant-level PMin. If the Scheduling Coordinator submits a Bid for the Multi-Stage Generating Resource, the CAISO will create this Generated Bid for the registered MSG Configurations before the Market Close, and if it does not submit such a Bid the CAISO will create this Generated Bid after the Market Close.

A redlined version of the tariff change is contained in an attachment to this issue paper.

4. Stakeholder Engagement and Tariff Filing Process

In order to have the modified tariff in place by the time the changes in the ISO systems are ready for implementation, the ISO is proposing a modified stakeholder engagement and tariff filing process. The minor nature of the tariff change involved makes it impractical to have a separate FERC filing. However, there is no “bucket filing” collecting various minor tariff change into one single filing scheduled over the next few months which could accommodate the change, and allow the tariff change to be in place by the end of the year, when the other RRS GO implementation changes are scheduled. For this reason, The ISO will undertake an abbreviated stakeholder process and include the tariff change in another, already scheduled, tariff filing.

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The proposed abbreviated stakeholder engagement and tariff filing process involves:

- The ISO issues this Draft Final Proposal explaining the necessary changes and presenting the draft tariff language
- The issue would be discussed with stakeholders during the Reliability Requirements User Group webconference on August 12th
- Stakeholders would submit comments on August 16th
- Assuming there is no stakeholder opposition, the tariff change would be included in the RIMPR1 tariff filing, which is scheduled for the end of August
- If stakeholder opposition to the proposed change is evidenced through the Reliability Requirements User Group call or the comments, the proposed tariff change would not be included in the RIMPR1 tariff filing and additional stakeholder engagement would be undertaken, with the filing occurring at a later date

The ISO has determined that the tariff change can be accommodated in the scheduled RIMPR1 tariff filing, which already contains several different tariff modifications. However, the RIMPR1 tariff changes must be approved by FERC before November 1, 2013 in order for the Fall Release to be implemented as scheduled, so this minor tariff change will only be included in the RIMPR1 tariff filing if there is no meaningful stakeholder opposition to the proposed tariff change. As explained above, the ISO believes this change will be beneficial to both MSG RA resources and the ISO markets. Because of this, and since the impacts of this change are limited to MSG RA units, and further only to periods where these resources fail to submit their own energy bids or self-schedule, the ISO does not anticipate stakeholder opposition to its proposal. Should stakeholders indicate their opposition to the ISO's proposal, the ISO intends to continue the stakeholder engagement process and file the resulting tariff changes at a future date.

In order to be included in the RIMPR1 filing, which must be filed before the end of August to allow a November 1 Fall Release, the stakeholder engagement process must proceed extremely quickly. Given the minor nature of the changes proposed, the ISO does not expect that would be a problem for stakeholders. The monthly Reliability Requirements User Group conference call scheduled on August 12th will provide an opportunity to discuss the proposed changes with stakeholders interested in RA during a time already dedicated to RA issues. Further, stakeholders will have over a week to consider this Draft Final Proposal before the scheduled call, and given the minor nature of the changes being proposed, the ISO believes that four days after the stakeholder call should be sufficient time for stakeholders to draft and submit comments.

5. Next Steps

The ISO's stakeholder engagement and tariff filing process for the MSG Tariff Change for RRS GO and the reasons for the abbreviated schedule were explained in detail in the previous section. The table below summarizes the process.

August 6	ISO posts Draft Final Proposal
August 12	Reliability Requirements User Group conference call
August 16	Stakeholder comments due
End August	ISO files tariff changes as part of RIMPR1 tariff filing

Appendix

Proposed **DRAFT** Business Requirements related to MSG Tariff Change for RRSO. The external Business Requirements document will be updated and released after the stakeholder/tariff process.

Business Process: Multi-Stage Generating (MSG) Requirements

Describes requirements associated with MSG.

Business Requirements

ID#	Business Feature	Requirement Type	Potential Application(s) Impacted
RR-BRQ187	<p>Market Participants must provide an explicit MSG configuration for every potential RA value from PMin to PMax of the resource. Business Rules:</p> <p>The RA values must be contiguous.</p> <p>RA range Max must be equal to or less than the PMax for that configuration.</p> <p>RA range Min must be greater than or equal to the PMin for that configuration unless there is no valid MSG configuration for that RA range, then the configuration identified must be the one with the lowest Pmin greater than the RA range Min value whose Pmax is greater than RA range Max.</p>	Core	Master File
RR-BRQ188	Master File must send the full default RA configuration table to SIBR.	Core	Master File; SIBR
RR-BRQ190	SIBR's query must select the MSG configuration that is based on the RA value from the default RA configuration table.	Core	Master File; SIBR
RR-BRQ207	SIBR will fill in the default energy bid for that default configuration and all configurations underneath the default configuration to be bid if their bid does not meet the RA requirement.	Core	SIBR
RR-BRQ192	Market Systems must determine the optimal startup/transition path for the selected configuration.	Core	SIBR

