

**Reliability Coordinator Services**  
**Rate Design, Terms and Conditions Straw Proposal**

**COMMENTS TEMPLATE**

Company	Contact Person	Date Submitted
Modesto Irrigation District	Toxie Burriss (209) 526-7462 <a href="mailto:ToxieB@mid.org">ToxieB@mid.org</a>	May 4, 2018

Please use this template to provide your written comments on the stakeholder initiative  
“**Reliability Coordinator Services Rate Design, Terms and Conditions**”

Submit comments to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com)

**Comments are due May 4, 2018 by end of day**

The straw proposal that was posted on April 5, 2018 and the presentation discussed during the April 12, 2018 stakeholder meeting can be found on the following webpage:  
[http://www.caiso.com/informed/Pages/StakeholderProcesses/ReliabilityCoordinatorServicesRateDesignTerms\\_Conditions.aspx](http://www.caiso.com/informed/Pages/StakeholderProcesses/ReliabilityCoordinatorServicesRateDesignTerms_Conditions.aspx)

Please identify which topic your question relates to as part of your comments.

Topics include:

- Scope of Services
- Supplemental Services
- Funding Requirement
- Rate Design
- Settlements Process
- Initial Commitment Terms

- Exiting Terms
- Service Agreements
- Onboarding
- Other [specify]

**Comments:**

The Modesto Irrigation District (“MID”) thanks the California Independent System Operator Corporation (“CAISO”) for the opportunity to comment in this stakeholder process concerning Reliability Coordinator (“RC”) Services Rate Design and Terms and Conditions as well as the CAISO’s April 5, 2018 Straw Proposal posted in this initiative. While the following does not purport to provide a complete list of MID’s opinions regarding RC Services Rate Design, Terms and Conditions, and while MID supports views and concepts that may be raised by others through posted comments, MID provides its own views in several areas:

**Oversight:** The interim Reliability Coordinator Project Steering Committee (“RPSC”) provides helpful oversight of the development of the RC. As a long-term oversight function, MID believes that an organized Board should conduct oversight of the CAISO RC, and should consist of a representative of each Balancing Authority (“BA”) that is receiving services from the CAISO RC (or reasonable amalgam of BAs), as well as a representative for the CAISO BA. An oversight Board would provide representation and transparency for the RC members, and has the potential for reducing costs for members, to the extent that individual members do not have to conduct redundantly the types of activities that an oversight Board could perform.

**Settlements Process:** MID is concerned with the Straw Proposal’s concept of billing on a monthly basis, and recommends that the CAISO consider offering an annual billing option (or shifting altogether to annual billing) with annual true-ups. One problematic aspect of monthly assessments is that RC Customers’ peaking may vary across the broad, geographical area which may receive RC services from the CAISO. Because all entities in the RC area may not follow the same load pattern throughout the year, variability in the rate can lead to a disproportionate RC charge if adjusted. While this can benefit a portion of the RC Customers, it can burden other RC Customers, as long as the CAISO adopts the Net Energy for Load (“NEL”) on a MWh basis as a billing determinant. An annual true-up charge (refund) provides for equal benefit and burden to the RC Customers and will complement annual billing by taking into account and adjusting for each entity’s entire NEL for the year.

In addition, the rapid schedule of the CAISO’s settlement process may make the monthly billing format perilous for entities that fail to pay timely. Delays in payment may

occur for a variety of reasons unrelated to the financial creditworthiness of the entity. First, MID requests that the CAISO require RC Customers to pay their invoices for RC services within thirty calendar days after receiving an invoice, rather than by the fifth business day. In addition, the late penalty payment of \$1,000 may be excessive for small BAs and insufficient for large BAs. The CAISO may wish to consider the use of an interest fee based on a percentage of the invoiced amount that is applied after thirty calendar days. The interest rate could be based on the Federal Energy Regulatory Commission (“FERC”) interest rate or other appropriate and permissible government interest rate.

Further, the Straw Proposal would allow the CAISO to cease providing RC services by the end of the 20th business day. Particularly as the CAISO is suggesting a Tariff-centered structure to providing RC services, the CAISO may find it difficult to offer reasonable waivers given that regulatory approval may be required, in order to grant such waivers. The potential consequences of suspending RC services to a particular entity are high, including steep financial penalties to the entity being suspended, and possible penalties imposed on the RC by compliance enforcement authorities and regulators, which in turn, may be borne by the broader RC membership. MID urges the CAISO to request and receive Board approval prior to suspending an entity receiving RC services, and then only under terms that would otherwise apply if the entity exited the RC voluntarily. MID believes that the CAISO, as RC, should have responsibility of collecting unpaid amounts from RC customers, and to that, MID acknowledges that the CAISO needs to have tools to enforce funding requirements. However, MID believes that this responsibility should take greater account of the reliability compliance consequences that may result from suspension of service.

**Exiting Terms:** MID believes that the exit period should align with the beginning of a new budget cycle and require a 12-month notice to exit in order to allow the CAISO to budget its RC funding requirement appropriately for providing services to the remaining funders.