

Stakeholder Comments Template

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ORA Comments to the ISO Frequency Response Initiative

ORA encourages the ISO to further evaluate its capability to meet the NERC frequency response standard BAL-003-1. If the study shows that generators have sufficient headroom to provide the required frequency response, it will not be necessary to explicitly set the Spinning Reserve as Contingency Only. ORA is concerned that setting the Spinning Reserve as Contingency Only could lead to operating reserve over procurement or restrict the ISO from dispatching resources in the 5-minute Real Time Dispatch. ORA is also concerned about the over procurement of Spinning Reserve approach to meet the frequency response needs. Doing so may not resolve the frequency response under performance issue. In addition, this approach could also drive up the Spinning Reserve prices.

To the extent the study concludes that additional frequency response service is needed under the base case scenario, ORA encourages the ISO to clarify/modify its tariff, generator interconnection agreements, or participating generator agreements, so that generators that have frequency response capabilities should be required to perform. Under contingency situations during a forced outage of a big generating unit when the frequency is decaying, resources that have the frequency response capabilities should be required to help to maintain the grid reliability.

Under this approach, these generators and other resources would not get any explicit compensation for the services they provide. To address this concern, the ISO could prioritize these frequency response resources when conducting the residual unit commitment processes. As a result, these frequency response resources will have more opportunities to sell their energy to the existing market.

While power supply reliability and power quality include many performance requirements, including frequency response, voltage support, and harmonic wave, the power market does not need to develop tradable products for each of the performance requirements. When a service

is used few times in a year, it is not economic for the ISO to spend significant amount of resources to develop a dedicated tradable product for that service. Most likely, the benefit of doing so will not exceed the administrative cost associated with developing the market mechanism, including bidding, clearing, settling, billing, and so on for the frequency response service.

If the ISO, with the above approach, still cannot address the frequency response under performance issue, ORA agrees with other stakeholders' comments that the ISO should explore the concept of Frequency Response Sharing Group. This will make it more economical for using the existing frequency response capabilities than developing new ones.