



PG&E's Comments on Generated Bids and Outage Reporting for Non-Resource Specific Resource Adequacy (NRS – RA) Resources

Submitted by		Date Submitted
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Pacific Gas & Electric (PG&E) appreciates the opportunity to participate in the stakeholder process for the CAISO's Generated Bids and Outage Reporting for NRS – RA Resources Initiative and to submit comments regarding the April 5, 2010 *Revised Straw Proposal* as well as the April 28, 2010 *Addendum to the Revised Straw Proposal*.

(1) Revised Straw Proposal

A. Generated Bids

CAISO Proposal

The CAISO's Straw Proposal recommends rules for NRS – RA resources that do not bid their full RA capacity in the Day – Ahead market. In the case that the NRS – RA resource bids in a portion of its obligated capacity into the Day Ahead Market, the CAISO proposes to extend the last segment of the resource's energy bid curve to its dispatchable RA MW quantity. With regard to NRS – RA resources that do not submit *any* bids into the Day Ahead Market, the CAISO proposes that NRS-RA resources be able to choose between the LMP-based bid option, the Negotiated Rate option, or the Price Taker option (\$0 energy bid + the Grid Management Charge).¹ If the LMP-based bid option is elected, the resource must have a “back-up” negotiated bid value to be used in the event that the feasibility test fails for the LMP-based bid option due to lack of sufficient data.

Further, CAISO proposes that the functionality to insert bids on behalf of NRS-RA resources be implemented no earlier than the implementation of the SIBR release, which will allow SIBR to submit bids for only a subset of hours.

¹ It should be noted that as a result of the stakeholder conference call on January 29, 2010, the CAISO is reconsidering its proposal to allow the Price Taker Bid option as a back up to the LMP option. Assuming the availability of a Negotiated Rate option, PG&E would not be opposed to including Price Taker Bid as an additional option, if particular NRS – RA owners prefer it.

Comments

PG&E supports the CAISO's proposal.

PG&E supports extending the last segment of the resource's energy bid curve to the full RA MW quantity when an NRS – RA does not bid in all of its dispatchable RA capacity. In the case that the NRS – RA does not submit a bid in the Day Ahead Market, PG&E supports the CAISO's proposal and believes that it provides a reasonable solution.

PG&E supports the CAISO's proposal to wait until the SIBR release, planned for Fall 2010, before insert generated bids for NRS-RA resources. This will prevent bids from being inserted for NRS-RA resources for hours in which they are not required to offer their capacity.

B. Outages

CAISO Proposal

The CAISO proposes that NRS resources report their unavailability by entering their outage information in the SLIC system. The CAISO proposal imposes outage reporting requirements (similar to those that apply to internal resources) on NRS resources. Specifically, the CAISO proposes that for NRS resources, the Scheduling Coordinator shall provide:

- An explanation for its resource's unavailability and an estimated time at which the NRS-RA resource will become available again.
- A description of the transmission curtailments or transmission outages external to the CAISO that have led to the resource's unavailability; and
- A description of alternate transmission arrangements through which it attempted to fulfill its must-offer obligation

Finally, the CAISO is proposing that the monthly availability of NRS-RA resources be calculated in a similar manner to internal RA resources. A resource will be determined to be less than 100% available in a given month if it has SLIC-reported outages or derates that impact the availability of the resource during the availability assessment hours of that month.

Comments

PG&E seeks clarification from the CAISO regarding the following issues regarding the SCP treatment of NRS outages.

PG&E is seeking clarification regarding Standard Capacity Product (SCP) treatment when NRS-RA resources are unavailable. Specifically, we are seeking to better understand when a resource will be required to report an outage in SLIC and when an outage will be considered in the SCP availability calculation. The matrix below reflects our understanding of the CAISO's proposal. *PG&E requests the CAISO confirm PG&E's understanding as reflected in the matrix.*

	Outage Reported in SLIC	Outage Counts against SCP Availability
<p><u>Transmission Derate Before the Close of the IFM</u></p> <p>(1) Transmission Derate at Intertie</p> <p>(2) Transmission Derate in Adjacent BAA²</p>	<p>No</p> <p>Report in SLIC</p>	<p>No Avail. Impact</p> <p>Adverse SCP Avail. Impact</p>
<p><u>Transmission Derate After the Close of the IFM but before Close of HASP (NRS-RA Bid Accepted in IFM)³</u></p> <p>(3) Transmission Derate at Intertie</p> <p>(4) Transmission Derate in Adjacent BAA</p>	<p>No</p> <p>No</p>	<p>No Avail. Impact - pay UIE</p> <p>No Avail. Impact - pay UIE</p>
<p><u>Transmission Derate After the Close of the IFM but before Close of HASP (NRS-RA Bid Not Accepted in IFM)</u></p> <p>(5) Transmission Derate at Intertie</p> <p>(6) Transmission Derate in Adjacent BAA</p>	<p>No</p> <p>Report in SLIC</p>	<p>No Avail. Impact</p> <p>Adverse SCP Avail. Impact</p>

² The transmission derate in the adjacent BAA will prevent the delivery of energy from the NRS-RA resource.

³ The NRS-RA resource will be required to buy the undelivered energy (due to the outage) at the HASP price.

(2) Addendum to the Revised Straw Proposal

A. Subset-of-Hours RA Contracts

CAISO Proposal

CPUC has implemented the concept Maximum Cumulative Capacity (MCC) buckets for RA resources. Under this arrangement, an LSE can fulfill its RA requirement each month by having a portion of its portfolio contracted with resources that *do not* have an obligation to be available 7x24 (seven days a week and 24 hours a day)⁴. Given that SIBR will eventually be able to accommodate rules to insert generated bids for a subset of hours, the CAISO proposes to limit the number of hours in which it will insert bids for these resources.⁵ For example, if an SC for a 6x16 RA resource fails to insert bids for any hours, the CAISO would generate bids only for the 6x16 block of hours.⁶ This treatment would be applied to all RA resources with subset-of-hours contractual arrangements.

Comments

PG&E conditionally supports the CAISO's proposal

PG&E conditionally supports the CAISO's proposal to the extent that it will not compromise reliability. Although this proposal would not change the total quantity of RA counted by the CPUC, implementation of this change will result in less RA-mandated bids in RUC. This could result in additional reliance on non-RA resources to provide RUC capacity during unexpected temperature increases in non-peak hours.

PG&E encourages the CAISO to monitor the impacts of limiting the number of hours in which it will insert bids for these non 7x24 resources. If reliability is compromised, the CAISO must work with the CPUC to revise this proposal.

B. Standard Capacity Product (SCP) Availability Standards

CAISO Proposal

The CAISO proposes not to consider SCP availability assessments for hours in which Subset-of-Hours RA are not contractually obligated to provide RA capacity. Only contracted hours would be used to calculate the SCP availability. For example, because

⁴ Per the CPUC's counting rules, an LSE can only use these Subset-of-Hours RA Contracts to meet 30.1% of its RA requirement. The remaining 69.9% of the RA requirement must be met by 7x24 resources.

⁵ The current version of SIBR cannot accommodate the insertion of bids for only some hours.

⁶ Per CPUC counting rules, a 6x16 contract requires the resource to be six days per week and 16 hours per day. Specifically this type of resource must be available *Monday-Saturday, HE7-22 (excluding NERC holidays)*.

the SCP Availability Assessment Hours are HE 17-21, only two hours (HE 17 and 18) would be included in the availability calculation for a 5x4 RA contract (HE 15-18).

Comments

PG&E supports the CAISO's proposal.

Availability assessment hours for which resources do not have a contractual obligation to provide RA should not be factored into the SCP availability standard as “non-performance” hours.

C. CAISO Systems Functionality

CAISO Proposal

The CAISO proposes that its systems be designed to accept the known, standard commercial power contract terms of 7x24, 6x16, 5x8 and 5x4 block-hour periods, which will serve as the basis for RA suppliers to elect subset-of-hours treatment. These contract terms are the same as those used by the CPUC in its RA program.⁷ The CAISO is interested in hearing from stakeholders as to whether these terms and hours are sufficient, or whether more are needed.

Comments

Currently, the CPUC does not allow contracts to count for RA other than those that have been described above. However, PG&E would welcome added flexibility in the CAISO system so that it can accept other types of contracts that the CPUC might decide to count for RA in the future.

⁷ The CPUC's includes four MCC buckets in its RA program. These buckets are 1) resources considered to be Use Limited Resources (roughly corresponding to a 5x4 contract), 2) resources that are available between 160 – 384 hours per month (roughly corresponding to a 5x8 contract), 3) resources that are available more than 384 hours per month (roughly corresponding to 6x16 contract) and 4) resources that are available at all times (corresponding to a 7x24 contract)