



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

Submitted by		Date Submitted
Bahaa Seireg	(415) 973-054 b1st@pge.com	February 5, 2010
Sebastien Csapo	(415) 973 -7370 SSCb@pge.com	

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 January 19, 2009 Straw Proposal.

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 and the Negotiated Rate option.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.²

Comments

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.

² Some NRS - RA resources do not have an obligation to be offered in all hours. However, the current version of SIBR cannot accommodate the insertion of bids for only some hours.

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.

2) Outages

CAISO Proposal

The CAISO proposes that NRS resources report their unavailability by entering their outage information in the SLIC system. NRS – RA resources that are not able to provide their full RA capacity because of extraordinary operational circumstances in adjacent or intermediate BAAs will not be subject to outage reporting requirements; accordingly unavailability due to this reason will not impact the NRS – RA resource's availability rate.³ All other reasons for unavailability, including limitations of external transmission paths, must be reported as a forced outage in SLIC, and will count against the NRS – RA resource's availability rate.

Comments

PG&E supports the CAISO's proposal.

PG&E supports the CAISO's proposal to track outages for NRS – RA resources; this will allow for the application of Standard Capacity Product (SCP) availability requirements to these resources.

PG&E also supports the CAISO's proposal to exempt NRS – RA resources from having to report a forced outage when they are not able to provide their full RA capacity because of extraordinary operational circumstances in adjacent or intermediate BAAs; accordingly unavailability due to this reason will not be considered a forced outage.

³ Per the rules of the SCP, when a resource is unavailable due to a forced outage, the SC must report that outage in SLIC which will reduce its availability rate. The NRS – RA resource will be subject to financial penalties if its availability rate is less than the average availability rate (of either NRS resources or the entire RA fleet depending on the outcome of Phase 2 of the SCP stakeholder process). The CAISO is proposing to exempt an NRS – RA resources from having to report a forced outage when its unavailability is due to extraordinary operational circumstances in adjacent or intermediate BAAs.

The CAISO correctly proposes that unavailable capacity due to the limitation of external transmission paths should be considered as a forced outage. The rationale behind this proposal is that NRS resources are able to provide power from several sources and are able to secure alternate transmission arrangements. Certain market participants disagreed with this policy stating they do not always have firm transmission rights. PG&E is unconvinced by this argument; it is the obligation of the NRS –RA resources to secure the adequate transmission rights. Availability measurements will provide owners of NRS resources a metric by which to judge effectiveness of their transmission agreements. For example, if an NRS resource finds that it is often incurring availability penalties because of its inability to gain access to alternate transmission facilities, it will have an incentive to obtain the necessary transmission contracts.