

Reliability Coordinator Services

Rate Design, Terms and Conditions Straw Proposal

COMMENTS TEMPLATE

Company	Contact Person	Date Submitted
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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

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

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

Topics include:

- Scope of Services
 - The list of core RC services indicates a number of data exchange sites and capabilities. CAISO should establish a common data exchange platform that has multiple webrooms or pages dedicated to the different data exchange activities to reduce overall administration and reduce administrative burden for CAISO and RC Customers.

- Supplemental Services
 - Will WIT and ECC be included as Core RC Services? Are there plans in place if a Joint Services agreement on items such as WIT and ECC are not available for an extended period of time after the Go Live date?
- Implementation Oversight
 - PNM supports the idea of the interim Reliability Coordinator Project Steering Committee (RPSC); however, CAISO should provide clarification as to the reporting structure between the RPSC and lower-level sub-committees and working groups.

PNM recommends that the CAISO clarify the interaction between the RPSC and the long-term oversight committee; why wouldn't they be the same once the RC operations have been stood up for some period of time?

Additionally, PNM seeks more information as to how consensus regarding recommendations and issues will be achieved if a discrepancy arises either amongst the members of the RPSC or between working groups. PNM believes that it is in the best interest of all stakeholders for the RPSC to work toward consensus wherever possible. However, in the event that a consensus cannot be reached, PNM recommends that both the majority and minority opinions be documented. To the extent that there is a relatively even split in opinion, the chosen approach should default to the one that aligns most closely with the current RC's (Peak's) approach to that issue.

The RC implementation project schedule and product quality is critical to the entities procuring services from the proposed CAISO RC. As such, PNM recommends that a third party Quality Assurance consultant be contracted to observe and track all elements of the project. This consultant would report directly to the RPSC. Selection of the consultant would be accomplished by a Request for Proposal process developed by the CAISO and approved by a task force appointed by the RPSC. The RPSC appointed task force, along with the CAISO, would approve the consultant selected.

- Funding Requirement
 - The proposed 10% cumulative cap of the current RC Operating Budget is considered to be too high. An acceptable cap of 5% should be considered. A more acceptable range for the operating budget reserve would be between 3-4% of the current RC Operating Budget. RC

Operating Budget contingency should not be utilized to pay penalties, but should be used to cover RC Customer defaults for no more than 3 months in lieu of increases to the monthly invoicing.

- Settlements Process
 - The CAISO proposes to invoice BAs monthly for RC service with five-day terms. PNM suggests that CAISO instead bill annually (as Peak does today) with a quarterly option (except as necessary for federal entities to meet statutory obligations, in which case monthly payment in arrears). This will allow for consistency and continuity of billing processes for RC services customers. Peak performs an annual calculation and PNM suggests that CAISO do the same.
 - PNM believes that it would be difficult to turnaround a payment request of invoices in five days' time. Furthermore, with an annual pre-payment for services, the CAISO should not need to collect on invoices this quickly. PNM instead suggests a bill payment requirement of twenty-one business days.
- Exiting Terms
 - PNM recommends that the exit provision be expanded from a 6-month advance written notice to 12-months. This will provide entities time needed to adjust annual budgets accordingly. In addition, strike the sentence "This is to ensure adequate preparation and resources, as well as recognize seasonal challenges during the winter and summer months" as it is unnecessary with a longer withdrawal period.
- Service Agreements
 - The current proposal outlines that Balancing Authorities would be required to sign the Reliability Coordinator Service Agreement; PNM would like additional information to understand why the Participating Transmission Owners will not be signing the Reliability Coordinator Service Agreement as well. Further, the draft of this document needs to be made available for comment soon in order to provide meaningful input into the agreements design.
 - PNM requests additional clarity on the intent for the RC Services section of the CAISO tariff and the associated rationale for filing the Reliability Coordinator Service Agreement with FERC.

- Onboarding
 - PNM recommends that CAISO provide clarity regarding whether their single official start date is applicable only to internal CAISO RC customers or whether such date also considers the potential integration of external entities. If there is a differentiation, CAISO should clarify the approximate official start date for non-CAISO entities.
- Governance
 - PNM recommends the issue of governance be addressed in more detail, so potential RC members taking the opportunity presented by these comments might make some requests of the CAISO related to RC governance. The proposed governance framework for the RC function needs to be addressed up front so that entities evaluating options for provision of RC services can consider how decisions will be made and who will be making them. Independence, experience and depth in the Western Interconnection will be critical to thoughtful oversight of the reliability coordinator. PNM would like to have additional information on the CAISO's governance structure to understand if it supports what is required to adequately manage the RC function. It is not clear whether or how the RPSC would factor in to a long-term governance structure and PNM requests that the CAISO elaborate on its thinking in this regard.
- Organizational Structure
 - CAISO's proposed organizational structure falls under the Operations group. PNM would like to have more information to understand the relationship that the proposed RC group and CAISO's Energy Market functions may have. Will the proposed structure result in separate and distinct organizations. Is it CAISO's intent to share Reliability Service resources with the Energy Market functions or will functions such as Engineering, Compliance and Operational oversight be shared by both groups?