

Powerex Corp.

Generated Bids and Unavailability for NRS-RA Resources Comments on Revised Straw Proposal

Submitted By	Company or Entity	Date Submitted
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Powerex appreciates the opportunity to comment on the CAISO's Generated Bids and Outage Reporting for NRS-RA Resources Revised Straw Proposal.

Generated Bids

Powerex supports the CAISO's Revised Straw Proposal for Generated Bids to insert a bid or to extend the bid for a NRS-RA Resource if the resource doesn't bid its full RA capacity. Powerex supports the CAISO's proposal to allow three options: 1) Negotiated Option, 2) Price-taker plus GMC Option, and 3) LMP-based Option. In previous comments, Powerex strongly supported the Price-taker bid without a GMC adder and continues to do so. Powerex believes the GMC adder creates administrative obligations and needless complications but does not object as long as the CAISO accepts the administrative burden to automatically update the GMC adder on an as required basis.

Outage Reporting

As previously stated Powerex has no objections to the CAISO's proposing to add NRS-RA resources to the SLIC system to provide NRS-RA resources a means of submitting notice of unavailability. However, Powerex continues to believe that the only valid reasons for outages would be under extraordinary circumstances in external or intermediate BAAs. The CAISO tariff should also clarify what the expected bidding behaviour should be, when the tariff requirement to not submit bids on an open Tie, conflicts with the tariff requirement to submit an RA bid and it should further clarify what the settlements implications would be in this scenario.

Powerex is still extremely concerned that the CAISO is proposing to only connect the SLIC outage reporting for NRS-RA resources to the RAAM tool but not other ISO systems. The reason for Powerex's concern is that the CAISO is implementing under this stakeholder process a means to generate bids up to an NRS-RA resource's full RA obligation and it is therefore conceivable that the IFM/HASP could award a schedule to an NRS-RA resource that has reported an outage via SLIC. Therefore, Powerex urges the CAISO to integrate this outage

reporting to all other ISO systems on an expedited basis but surely by the 2012 RA Compliance Year when generated bids is proposed to be implemented.

Certain sections of the CAISO's current tariff¹ requires the CAISO to calculate the SCP availability for NRS-RA based on bids without any penalty for the prohibition on SC's from bidding on "out-of-service transmission paths" and for the CAISO to provide the means for SC's to file a "monthly report" to inform the CAISO when SC's were prohibited from bidding on an "out-of-service transmission path". Powerex understands that the only way that an NRS-RA resource can currently provide this information to the CAISO is via a SLIC outage in order to avoid the "Non-Availability Charge". Powerex is extremely disappointed that the CAISO has not provided SC's with a means of providing a "monthly report" and, just as importantly, that the current stop-gap measure of using SLIC outages will create potential regulatory concerns when the CAISO reports RA outage information for the NRS-RA resources when in fact it was a prohibition from bidding on an "out-of-service transmission path" and not on an outage.

Powerex has no concerns with the CAISO's proposal to change the calculation for SCP availability from bids to the sum of the available RA capacity divided by the sum of the hourly RA capacity but strongly suggests that the CAISO should closely coordinate this changeover with SC's. Powerex notes that if the CAISO does not provide a means for SC's to file a monthly report when they are prohibited from bidding on "out-of-service transmission paths" that SLIC outages for NRS-RA resources will serve two purposes: 1) reporting when the resource was prohibited from bidding and 2) reporting when there was a valid outage for the NRS-RA resource or transmission path. The two types of outages would both need to be accounted for properly in the Availability Standard.

Subset-of-Hours

Powerex supports the CAISO's proposal to recognize RA contracts with different availability hours and to change the availability assessment to only include hours where the RA resource has a contractual obligation.

Implementation Timeline

Powerex is extremely disappointed that the CAISO is proposing a January 1, 2012 implementation date.

¹ **Section 40.9.7.1** "...The Availability Standard applicable to a non-Resource Specific System Resource shall not include any hours in which the resource was **prohibited by Section 30.8 from bidding across an out-of-service transmission path** at its designated Scheduling Point. A non-Resource Specific System Resource providing Resource Adequacy Capacity whose monthly availability calculation under Section 40.9.7.2 is more than two and a half percent (2.5%) below the monthly Availability Standard will be subject to a Non-Availability Charge for the month..." and **Section 40.9.7.2** "...In determining monthly availability of a non-Resource Specific System Resource under Section 40.9.7.2, any hours in which the resource was prohibited by Section 30.8 from bidding across an out-of-service transmission path at its designated Scheduling Point will be excluded from the calculation. Scheduling Coordinators for non-Resource Specific System Resources must submit a **monthly report** of such hours occurring under Section 30.8, in the format and manner described in the Business Practice Manual for Reliability Requirements." (emphasis added).

Based on previous FERC decisions on SCP, Powerex believes that the CAISO has obligations to implement generated bids, outage reporting, and subset-of-hours on a much quicker basis, if not by January 1, 2011.

Powerex also believes that the CAISO has not completed its implementation of the RA tariff provisions that “came into effect on January 1, 2010” such as the monthly report required in section 40.9.7.1 of the Tariff.