

Stakeholder Comments Template

Black Start and System Restoration Phase 2

February 14, 2017 Straw Proposal

Submitted by	Company	Date Submitted
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The ISO provides this template for submission of stakeholder comments on the February 14, 2017 issue paper and the discussion at the February 21 stakeholder call. The straw proposal, presentation and other information related to this initiative may be found at:

http://www.caiso.com/informed/Pages/StakeholderProcesses/Blackstart_SystemRestorationPhase2.aspx

Upon completion of this template please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **February 28, 2017**.

Prior to the formation of the CAISO, the three largest investor owned utilities (IOUs) maintained their own control area had generation with black start capability. The IOUs have continued to provide black start service through utility owned generation and the costs are recovered through CPUC jurisdiction rates. SCE recommends the Participating Transmission Owner (PTO) where the black start is needed have the option to purchase any additional black start capability required by the CAISO. If the PTO chooses not to acquire black start services, then the CAISO can contract for the service and collect the cost from customers that receive benefits in the TAC Area where the black start service is located.

Straw Proposal

1. Please comment on the RFP six step procurement process identified in the straw proposal for incremental black start resources:

The ISO proposed the following general RFP process steps;

- a. The ISO, in concert with the affected PTO, develops a black start technical specification document that defines requirements and key selection criteria.
- b. The ISO issues an RFP for incremental black start resources.
- c. The ISO provides the affected PTO the proposals for review and evaluation.
- d. The affected PTO applies the selection criteria and submits a written recommendation to the ISO with supporting analysis.
- e. The ISO reviews the recommendation against the selection criteria and approves or rejects it.
- f. If approved, the ISO initiates a contracting process with the black start resource and PTO.

SCE does not have any specific comments on the six steps at this time.

2. Please comment on the ISO's proposal for compensation and cost allocation. Specifically, on whether the use of a transmission owner's reliability services rate schedule is an appropriate cost recovery.

If the CAISO signs a contract for black start and charges it to the PTO, in the case of SCE, it would be included in the Reliability Services Balancing Account (RSBA).¹ The RSBA is applicable “to all customers with Loads taking transmission service under either the ISO Tariff and the [Transmission Owner] TO Tariff or certain Existing Contracts, ... and that are located in the historic control area of the Participating TO.”² The RSBA is recovered from SCE bundled load, community choice aggregators, direct access customers, and wheeling customers with load in Participating TO's historical control area.³ However, municipal owned utility load with transmission would be excluded from the RSBA cost recovery, which would include, but not limited to, City of Anaheim and city of Riverside.

The CAISO has another mechanism to recover costs from load of Scheduling Coordinators within a TAC Areas (such as PG&E, SCE, or SDG&E) which are control areas that existed prior to the formation of the CAISO.⁴ The CAISO tariff in Section 43.8.5 Allocation of CPM Significant Event Cost can allocate the costs to scheduling coordinators located in the TAC Area. A similar section can be added for the Black Start

¹ See Appendix VI of SCE's Transmission Owner Tariff. https://www.sce.com/nrc/openaccess/TOT/eTariff_TOT-Z-Appendix%20VI_6.0.0.pdf

² Appendix VI, part 1.

³ Appendix VI, part 8.

⁴ See CAISO tariff Appendix F, section 3.1.

contract. The advantage of this would be that all load in the TAC Area, who would receive value from the service, would be allocated the cost.

3. Please comment on the categories of costs the ISO should consider in connection with procuring incremental black start capability.

The contract should include the incremental capital costs for the black start service. In the case of an electric generator it would be backup diesel or gas-fired generation that is necessary for station power, the energy to start-up the main generator, and any necessary control system. If the black start is being supplied by storage, such as battery, then the portion that is dedicated to provide black start service at any time would be considered the capital costs. The contract should specify annual maintenance and inspection costs to ensure the equipment is in proper working order. Finally, the contract should specify the calculation of variable costs to provide the black start service which would include any fuel cost or in the case of storage the energy cost needed to maintain availability.

4. Please comment on the appropriate term for any contract to secure additional black start capability.

The solicitation and contract needs to take into account the existing contract duration for the unit being considered to provide black start services. Without the underlying generation unit, a contract for incremental service of black start has little value. Therefore the black start contract needs to take into the expiration and possible lack of renewal of the primary contract of the generation unit. The black start contract should have exit provisions should the contract for the generator not be renewed.

Without knowing more details surrounding the need of the black start service and other generation options that may become available in the location in the future, it is difficult to recommend any specific term.

5. Please also comment on whether any selection criteria should assess the likelihood that a resource will operate for the duration of the black start agreement.

As discussed in the response to question 4, the selection criteria should take into account the likelihood that a resource will operate for the duration of the black start agreement.