

**Stakeholder Comments on:
Ancillary Services procurement in HASP and Dispatch Logic**

Submitted by	Company	Submitted Date
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Southern California Edison "SCE" appreciates the opportunity to provide comments on the CAISO straw proposal on ancillary service procurement in HASP and Dispatch Logic, dated August 5, 2009. SCE does not have any specific comments on the CAISO's straw proposal at this time but would like to CAISO to provide clarification in the final proposal on how HASP inter-tie energy bids associated with ancillary services bids will be treated in RTPD and RTD.

There appears to be confusion on whether the real-time market software will be able to distinguish between ordinary HASP inter-tie energy bids and HASP inter-tie energy bids associated with HASP ancillary service bids. It is our understanding from reviewing the straw proposal that the only time an energy dispatch from an inter-tie resource that bid ancillary services in HASP would occur is if (1) the unit was awarded a HASP ancillary service award and (2) a contingency was initiated in real-time that required the reserve to be activated. SCE requests the CAISO confirm our understanding and also clarify in more detail how the software will distinguish HASP inter-tie energy bids when making commitment and dispatch decisions in RTPD and RTD. For example, how will the software distinguish between an inter-tie HASP energy bid with no ancillary service bid, a HASP inter-tie energy bid required to support an ancillary service bid, or a HASP inter-tie energy bid that a SC is willing to have evaluated as a standalone energy bid or in support of a ancillary service bid?

Finally, while not discussed in the whitepaper or stakeholder conference call directly, the CAISO has recognized in numerous forums that the current rule of flagging all ancillary services procured after the IFM as contingency only can be problematic and contribute to real-time price volatility. CAISO staff have discussed with stakeholders modifying the rules such that ancillary services procured after the IFM would not be treated as contingency only in all cases and would be available for dispatch in real-time to solve system conditions such as ramping constraints. What is the status of this effort and has the CAISO considered this issue in drafting the straw proposal for ancillary service procurement in HASP?