

## Comments of Southern California Edison Company on Standard Capacity Product II Draft Tariff Language

Submitted by	Company	Date Submitted
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Southern California Edison Company (“SCE”) has reviewed the California Independent System Operator’s (“CAISO”) Standard Capacity Product (“SCP”) II Draft Tariff Language, dated May 11, 2010 (“Draft Tariff Language”) and provides the following comments:

### Changes to Section 40.9.2

SCE agrees that those resources whose NQC is based on historical output (“H-NQC”) that are no longer affected by the double counting of forced outages in the NQC calculation should be subject to all of the CAISO’s SCP tariff provisions. With respect to the grandfathering exemption for contracts with these resources, however, the Draft Tariff Language should be modified in order for the CAISO to properly apply this exemption.

From the outset, the grandfathering exemption for these resources should be provided for in subsections separate from the current grandfathering provisions. Currently, the Draft Tariff Language adds language on to Section 40.9.2(2) & (3) in order to apply the grandfathering exemption to H-NQC resources. In order to provide more clarity, these new provisions should be separated into new subsections.

SCE further suggests that the language in the new subsections mirror the original grandfathering language. As the CAISO states in the Revised Draft Final Proposal:

Consistent with its proposal to the CPUC, the ISO in this initiative proposes to extend to the exempt intermittent resources the same availability incentives, unit substitution and

grandfathering rules that are currently in effect and applicable to other RA resources.<sup>1</sup>

By applying the same language, the CAISO will ensure that these resources are being treated in the same manner as those resources currently subject to SCP.

In addition, SCE provides suggested clean-up language for the Draft Tariff Language. For example, it is not clear why the Draft Tariff Language provides: “Resource Adequacy Resources whose Qualifying Capacity value is determined by historical output from the CPUC or a Local Regulatory Authority that does not adjust the historical output data to correct for the possible double counting of Outages.” Under this language, the only resources that are grandfathered are those that are still required to include forced outages in the NQC calculation. Presumably, if the CPUC eliminates the double counting issue, then no resources will fall under this exemption. Obviously, this was not the intended result and should be adjusted accordingly.

Finally, SCE notes that the CAISO should not submit this tariff change to FERC unless the CPUC issues a decision that eliminates forced outages from the QC of H-NQC resources, or the CAISO indicates in its submittal to FERC that the proposed changes are contingent upon such a CPUC decision.

SCE provides its suggested redline of the Draft Tariff Language below after accepting all of the Draft Tariff Language’s changes.

#### **40.9.2 Exemptions.**

The following exemptions apply to the CAISO’s Availability Standards program of this Section 40.9:

- (2) Capacity under a resource specific power supply contract that existed prior to June 28, 2009 and Resource Adequacy Capacity that was procured under a contract that was either executed or submitted to the applicable Local Regulatory Authority for approval prior to June 28, 2009, and is associated with specific Generating Units or System Resources, will not be subject to Non-Availability Charges or Availability Incentive Payments. Such contracted Resource Adequacy Capacity, except for non Resource-Specific System Resources, will be included in the development of Availability Standards and will be subject to any Outage reporting requirements necessary for this purpose. The exemption will apply only for the initial term of the contract and to the MW capacity quantity and Resource Adequacy Resources specified in the contract prior to June 28, 2009. The exemption shall terminate upon the conclusion of the initial contract term. Exempt contracts may be re-assigned or undergo novation on or after June 28, 2009, but the exemption shall not apply for any

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<sup>1</sup> Revised Draft Final Proposal Standard Capacity Product (April 6, 2010) at 8 (emphasis added).

extended contract term, increased capacity quantity or additional resource(s) beyond those specified in the contract prior to June 28, 2009. Scheduling Coordinators for Resource Adequacy Resources subject to these contracts will be required to certify the start date of the contract, the expiration date, the Resource ID(s), and the amount of Resource Adequacy Capacity associated with each Resource ID included in the contract. ~~Resource Adequacy Resources whose Qualifying Capacity value is determined by historical output from the CPUC or a Local Regulatory Authority that does not adjust the historical output data to correct for the possible double counting of Outages are subject to this subsection, except that the deadline date shall be August 1, 2010 instead of June 28, 2009.~~

(3) Notwithstanding subsection (2) of this Section 40.9.2, capacity under a resource specific power supply contract that existed prior to August 1, 2010, and Resource Adequacy Capacity that was procured under a contract that was either executed or submitted to the applicable Local Regulatory Authority for approval prior to August 1, 2010, and is associated with specific Generating Units and System Resources whose Qualifying Capacity value is determined by historical output, will not be subject to Non-Availability Charges or Availability Incentive Payments. Such contracted Resource Adequacy Capacity, will be included in the development of Availability Standards and will be subject to any Outage reporting requirements necessary for this purpose. The exemption will apply only for the initial term of the contract and to the MW capacity quantity and Resource Adequacy Resources specified in the contract prior to August 1, 2010. The exemption shall terminate upon the conclusion of the initial contract term. Exempt contracts may be re-assigned or undergo novation on or after August 1, 2010, but the exemption shall not apply for any extended contract term, increased capacity quantity or additional resource(s) beyond those specified in the contract prior to August 1, 2010. Scheduling Coordinators for Resource Adequacy Resources subject to these contracts will be required to certify the start date of the contract, the expiration date, the Resource ID(s), and the amount of Resource Adequacy Capacity associated with each Resource ID included in the contract.

~~(3)~~ (4) For a contract entered into prior to June 28, 2009 that provides for the amount of Resource Adequacy Capacity to increase during the original term of the contract, based on a ratio of the Resource Adequacy Resource's output or due to an addition of capacity, the exemption provided in subsection (2) of this Section 40.9.2 will apply to the additional capacity allowed under the contract; provided that the capacity increase (i) is expressly contained in the provisions of the contract, (ii) occurs during the primary term of the contract; and (iii) does not result from contract extensions or other amendments to the original terms and conditions of the contract. Scheduling Coordinators for Resource Adequacy Resources subject to contracts that provide for such capacity increases or additions must include in their certification, in addition to the

requirements of subsection (2) of this Section 40.9.2, (i) the citation to any contract provisions that might entitle them to increased exempt Resource Adequacy Capacity from the contracted resources during the primary term of the contract; (ii) the amount of additional capacity to which they might be entitled; and (iii) the actual effective date of the capacity increase. If the actual amount of capacity and/or the actual effective date of the capacity increase is not known at the time of the initial certification, the Scheduling Coordinator shall provide a supplemental certification(s) when this information becomes known. ~~Resource Adequacy Resources whose Qualifying Capacity value is determined by historical output from the CPUC or a Local Regulatory Authority that does not adjust the historical output data to correct for the possible double-counting of Outages are subject to this subsection, except that the deadline date shall be August 1, 2010 instead of June 28, 2009.~~

- (5) Notwithstanding subsection (4) of this Section 40.9.2, for a contract with a resource whose Qualifying Capacity value is determined by historical output entered into prior to August 1, 2010 that provides for the amount of Resource Adequacy Capacity to increase during the original term of the contract, based on a ratio of the Resource Adequacy Resource's output or due to an addition of capacity, the exemption provided in subsection (3) of this Section 40.9.2 will apply to the additional capacity allowed under the contract; provided that the capacity increase (i) is expressly contained in the provisions of the contract, (ii) occurs during the primary term of the contract; and (iii) does not result from contract extensions or other amendments to the original terms and conditions of the contract. Scheduling Coordinators for Resource Adequacy Resources subject to contracts that provide for such capacity increases or additions must include in their certification, in addition to the requirements of subsection (3) of this Section 40.9.2, (i) the citation to any contract provisions that might entitle them to increased exempt Resource Adequacy Capacity from the contracted resources during the primary term of the contract; (ii) the amount of additional capacity to which they might be entitled; and (iii) the actual effective date of the capacity increase. If the actual amount of capacity and/or the actual effective date of the capacity increase is not known at the time of the initial certification, the Scheduling Coordinator shall provide a supplemental certification(s) when this information becomes known.

#### Changes to Section 40.9.4.2

SCE agrees with the availability calculation for H-NQC resources provided for in the Revised Draft Final Proposal. The CAISO, however, should modify the Draft Tariff Language in order to effect this new calculation.

SCE recommends that the new calculation for H-NQC resources set forth in Section 40.9.4.2(2) should be set forth in a new and separate subsection. The Draft Tariff

Language adds the new language to existing language regarding the conversion of forced outages into maintenance outages in subsection (2). By including these two concepts in the same subsection, one could interpret the language as though the conversion of a forced outage to a maintenance outage is only applicable to H-NQC resources. Such an interpretation would be a material change to the existing availability methodology, and, obviously, was not the intent under the Revised Draft Final Proposal. In order to avoid this potential interpretation, the CAISO should put the H-NQC calculation language in a new subsection under Section 40.9.4.2.

In addition, SCE suggests the same clean-up language identified for Section 40.9.2. As with the grandfathering provision, the Draft Tariff Language for Section 40.9.4.2 is applicable to: “Resource Adequacy Resources whose Qualifying Capacity value is determined by historical output from the CPUC or a Local Regulatory Authority that does not adjust the historical output data to correct for the possible double counting of Outages.” Again, under this language, the only resources that are subject to the availability calculation are those resources that required to include forced outages in the NQC calculation. Presumably, if the CPUC eliminates the double counting issue, then no resources will fall under this availability calculation methodology. Obviously, this was not the intended result and should be adjusted accordingly.

SCE provides its suggested redline of the Draft Tariff Language below after accepting all of the Draft Tariff Language’s changes.

#### **40.9.4.2 Availability Calculation for a Resource Adequacy Resource.**

The CAISO will calculate the monthly availability for each Resource Adequacy Resource subject to this Section 40.9.4 as follows:

- (1) Except as provided in subsection (2), the monthly availability of each Resource Adequacy Resource will be the sum of the hourly available Resource Adequacy Capacity of the resource over all Availability Assessment Hours of the month, divided by the sum of the hourly Resource Adequacy Capacity of the resource as designated in the Supply Plan for the resource for those hours, and multiplied by 100 to obtain a number between zero percent (0%) and one hundred percent (100%). A Resource Adequacy Resource will be determined to be less than one hundred percent (100%) available in a given month if it has any Forced Outages, non-ambient de-rates, or temperature-related ambient de-rates that impact the availability of its designated Resource Adequacy Capacity during the Availability Assessment Hours of that month.
  
- (3) For Resource Adequacy Resources whose Qualifying Capacity value is determined by historical output, the monthly availability of each resource will be determined from three components: the total actual amount of Energy the resource delivered during all of the Availability Assessment

Hours of the month; the Resource Adequacy Capacity of the resource as designated in its Supply Plan; and the resource's Net Qualifying Capacity as reduced by the same percentage by which any Forced Outages or temperature-related ambient de-rates reduced the resource's availability from its PMax capacity during the Availability Assessment hours. If the total actual amount of Energy delivered by the resource is greater than or equal to the amount of Resource Adequacy Capacity designated in the Supply Plan, the resource will be considered one hundred percent (100%) available. If the total actual amount of Energy delivered by the resource is less than the amount of Resource Adequacy Capacity designated in the Supply Plan, the availability of the resource will be the higher of the total actual Energy the resource delivered during all of the Availability Assessment Hours or the resource's Net Qualifying Capacity as reduced by the same percentage by which any Forced Outages or temperature-related ambient de-rates reduced the resource's availability from its PMax capacity during the Availability Assessment hours.

- (2) ~~For Resource Adequacy Resources whose Qualifying Capacity value is determined by historical output from the CPUC or a Local Regulatory Authority that does not adjust the historical output data to correct for the possible double-counting of Outages, the monthly availability of each resource will be determined from three components: the total actual amount of Energy the resource delivered during all of the Availability Assessment Hours of the month; the Resource Adequacy Capacity of the resource as designated in its Supply Plan; and the resource's Net Qualifying Capacity as reduced by the same percentage by which any Forced Outages or temperature-related ambient de-rates reduced the resource's availability from its PMax capacity during the Availability Assessment hours. If the total actual amount of Energy delivered by the resource is greater than or equal to the amount of Resource Adequacy Capacity designated in the Supply Plan, the resource will be considered one hundred percent (100%) available. If the total actual amount of Energy delivered by the resource is less than the amount of Resource Adequacy Capacity designated in the Supply Plan, the availability of the resource will be the higher of the total actual Energy the resource delivered during all of the Availability Assessment Hours or the resource's Net Qualifying Capacity as reduced by the same percentage by which any Forced Outages or temperature-related ambient de-rates reduced the resource's availability from its PMax capacity during the Availability Assessment hours.~~ If the SC for the Resource Adequacy Resource requests to convert from a Forced Outage to a Maintenance Outage in accordance with Section 9.3.3, the SC must terminate the existing Forced Outage and submit a new request for a Maintenance Outage. In the event the CAISO rejects the request to convert from a Forced Outage to a Maintenance Outage due to reliability criteria, the Outage will not be converted and the Forced Outage will continue. Outages properly

submitted for temperature-related ambient derates for a Use Limited Resource will be counted against its availability only until such time as the Use Limited Resource reaches its energy limit constraint, at which time such Outages or derates will no longer count against the availability of the Use Limited Resource for the relevant month.

The start and end times used in calculating the availability of each resource each month will be the Outage time reported in the SLIC system or through the alternative reporting process of Section 40.9.5 for resources not included in the SLIC system.