

Submitted by	Company	Date Submitted
Nuo Tang	San Diego Gas & Electric Company	November 22, 2013

SDG&E appreciates the opportunity to comment on the Draft 2013 Stakeholder Initiatives Catalog Revised. SDG&E would like to offer the following comments to certain sections to the 2013 Catalog.

- I. 6.5 – Pay for Performance Review and Enhancement (D)
 - a. SDG&E supports this initiative. The ISO should review the effectiveness of the generator’s AGC service to the CAISO system requirements and the performance metric used in the AGC mileage settlement

- II. 8.5 – Review of Convergence Bidding Uplift Allocation(D)
 - a. SDG&E supports this initiative and recommend the ISO change this to Non-discretionary. SDG&E would rank this particular initiative as high priority.

- III. 9.4 - Modify Resource Adequacy Replacement Rules (D)
 - a. SDG&E supports modifying RRS GO rule to make the process more efficient. SDG&E would like the ISO to reconsider its RRS GO rule to place the primary obligation on the Supplier. SDG&E believes that at T-45, the LSE and the Supplier should be able to work together as envisioned by the ISO to provide replacement capacity. However, if replacement capacity is not provided, and the Supplier’s resource is not operationally available to the ISO for certain days in the compliance month, then at T-25, the replacement determination should be placed on the Supplier alone. This should hopefully decrease the complexity of the replacement process by a several factors.
 - b. SDG&E hopes the ISO will consider implementing a monthly type auction similar to the RSA in order to help facilitate replacement procurement for small suppliers that may not have the resources to provide replacement as argued by the ISO in the original development of RRS GO.
 - c. Regarding comments submitted by Calpine requesting the ISO to allow System RA resources to “replace” Local RA resources if those resources were sold as System, SDG&E believes this suggestion actually belongs in the Standard Capacity Product Enhancements (9.6) initiative as a Local resource must be substituted with a like for like and Local for Local resource for a Forced Outage to avoid SCP penalties. Under the current rules of RRS GO, a local resource if sold as system is allowed to be replaced by another system resource if the request is outside of the Forced Outage window. SDG&E provides comments on SCP enhancements below.

- IV. 9.6 - Standard Capacity Product Enhancements (D)
 - a. SDG&E recommends changing the name to non-availability standards enhancements as the products and resources to which the ISO receives its RA capacity is becoming even less standard with the development of FRAC-MOO.

- b. As discussed above, unit substitution allows a supplier to procure the capacity of a non-RA resource to avoid costly non-availability charges. As Calpine commented that the Local for Local requirement may be unnecessary if there is an oversupply of committed Local RA in some regions. However, SDG&E disagrees with Calpine's reasoning. A Local resource sold as System is still a Local resource. The Local attribute is a geographic attribute and the resource cannot choose not to be in its Local area one month to the next. SDG&E does agree with the request to change the unit substitution rules to allow a Local resource to be substituted with a System resource if there is an oversupply of committed Local generation. In fact, SDG&E has been proposing this method of substitution in its comments to the Outage Management System Replacement (12.10). This method would make the substitution rules to be more consistent with outage replacement rules and would also pave the way in the future if Flexible capacity would be required to be replaced.

- V. 12.12 – Protocol(s) for Simulation and Testing of New Models, Design Changes, or Products (D)
 - a. SDGE is supportive due to the back casting insight that is brought to new initiative methodologies and market design. It is an objective opportunity to investigate with empirical evidence.

Additional initiative suggestions

- VI. Subset of Hours
 - a. SDG&E recommends ISO to consider adding an initiative regarding Subset of Hours for internal ISO resources to the catalog. SDG&E would prefer the ISO not take the word "Hours" literally however. Subset of Hours would allow internal ISO resources to be only committed to the ISO on a daily granularity. Currently Intertie resources may be committed to the ISO on a daily granularity. Internal ISO resources must be committed on supply plans and RA plans to a monthly level unless the resource is used as Specified Replacement Capacity by an LSE.
 - b. SDG&E believes the Subset of Hours functionality will allow LSEs and Suppliers to more efficiently submit RA and Supply plans.
- VII. Capacity Procurement Mechanism
 - a. The ISO's CPM authority ends February 16, 2016. Based on comments in the most recent FRAC-MOO stakeholder meeting, it seems the stakeholders all believe the rate for flexibility would ultimately go to settlement. Due to the contentious nature of the last CPM settlement, it may be prudent for the ISO to start the discussion on its CPM authority which may include flexibility in 2014 so that it may be ready for 2016.
 - b. SDG&E believes the ISO is considering using the RSA to provide a more market based price for an administrative need. SDG&E supports the development of a market based price for certain CPM activities. SDG&E wonders if other CPM activities are more suited

to have an administrative price.

VIII. Off Peak System RA Operating Requirements

- a. The ISO is now requiring LSEs to procure 115% of the System Forecasted Peak Demand every hour of every day. The RRSO policy allows Suppliers to request new outages after T-45 with two opportunities to not provide System replacement capacity if the outage. However, the System Peak Demand normally does not happen in the Off-Peak hours of each day. SDG&E suggests the ISO consider how much System Off-Peak Demand is operationally needed so that Suppliers have greater opportunity to take new planned outages without having to provide replacement if the planning reserve margin for the System Off Peak Demand is met.