

June 12, 2017

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING,
COLTON, PASADENA, AND RIVERSIDE, CALIFORNIA
ON THE REVISED DRAFT TARIFF LANGUAGE IN THE BLACK START AND
SYSTEM RESTORATION PHASE 2 INITIATIVE**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit the following comments on the revised draft tariff language posted on June 1, 2017 in the Black Start and System Restoration Phase 2 stakeholder initiative:

General Comment - - The Six Cities continue to believe that the tariff should include at least a general description of the Black Start procurement procedure and selection criteria, which could be based on the description in the April 24, 2017 memorandum to the ISO Board at page 3.

Section 5.3 (e) - - The new language proposed in this sub-section is substantively different from the previous language of Section 8.2.3.4.2 (e). The proposed version of Section 5.3(e) excludes the following language from the currently-effective Section 8.2.3.4.2 (e):

If a Black Start Generating Unit fails to achieve a Black Start when called upon by the CAISO, or fails to pass a performance test administered by the CAISO, the Market Participant that has contracted to supply Black Start service from the Generating Unit shall re-pay to the CAISO any reserve payment(s) that it has received since the administration of the last performance test or the last occasion upon which it successfully achieved a Black Start when called upon by the CAISO, whichever is the shorter period.

The Six Cities suggest that the currently-effective language requiring repayment of Black Start capability payments in the event a Black Start resource fails to perform be retained in addition to the new Section 5.3(e) reference to penalties specified in the Black Start Agreement. Ratepayers should not be required to pay, and Black Start resources should not be permitted to retain, payments for service that the resource is not able to provide.

Alternatively, recognizing that the potential obligation to re-pay Black Start capability payments imposes a risk on Black Start resources, the Six Cities could accept deletion of the payback language provided that both the Tariff and Black Start Agreements (i) require the CAISO to administer and a Black Start resource to pass successfully performance tests, conducted no less frequently than annually, to demonstrate capability to provide Black Start service, and (ii) provide that if a resource subject to a Black Start Agreement fails such a performance test, capability payments will be suspended immediately and until the resource successfully passes a subsequent performance test. This approach would limit the risk of unjustified payments by ratepayers to no more than one year, and the requirement for annual tests should reduce the potential for resource failures to perform during a system emergency

Section 8.4.6.1 - - Insert “[NOT USED]” for the section title.

Section 11.5.6.5 - - The currently proposed version of Section 11.10.1.5 contemplates that the Black Start Agreement can specify a different price other than the Exceptional Dispatch Settlement price. That possibility should be recognized in this section as well, perhaps by inserting “Unless otherwise specified in the Black Start Agreement, . . .” at the beginning of the section.

Also, see the comment below recommending that provisions relating to Black Start Settlements be moved to Section 11.4.

Section 11.10.1.5 - - As Black Start will no longer be defined as an Ancillary Service, it seems out of place to include what is currently numbered as Section 11.10.1.5 as a sub-section of Section 11.10.1, which applies to Ancillary Services. Consider using Section 11.4, currently marked as “[NOT USED]” with a caption of “**Black Start Settlements**” and re-number internal cross-references accordingly.

Section 11.10.8 - - Consider moving the two sub-sections currently numbered as 11.10.8.1 and 11.10.8.2 to Section 11.4, as recommended above, since Black Start will no longer be defined as an Ancillary Service.

Also, with respect to the sub-section currently numbered as 11.10.8.1, why should any exports that occurred during a Settlement Period when Black Start Energy was needed be excluded from the calculation of the Black Start Energy payment user rate or the quantity of Measured Demand for that Settlement Period?

Section 11.27 - - What is the rationale for continuing to keep Black Start and Voltage Support together in this section in view of the deletion of Black Start from the definition of Ancillary Services? Is this section needed at all, or is it redundant?

Submitted by,

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