California ISO

April 8, 2019

Response to Stakeholder Comments on Draft Tariff Language
2019 Tariff Clarifications

Tariff Section	Stakeholder Comment	ISO Response
40.4.6.2.2.1	The Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (Six Cities) that the cross-reference to section 40.6.4.2.2.2 is incorrect as that section does not exist. The Six Cities proposes correcting the cross reference to section 40.4.6.2.2.2. The Six Cities also note that this correction needs to be made to the “Section” column in the Matrix of Proposed Changes.	The ISO will make this change.
40.9.6.2(d)	The Six Cities comments that in the next to last line the word “to” should remain in the text of the section prior to “Load.”	The ISO will make this change.
42.1.5	The Six Cities comments that the proposed language at the end of the section does not appear to be an appropriate clarification and appears to be inconsistent with other aspects of the tariff. The Six Cities states that the current language in section 43A provides that the ISO may procure capacity needed to maintain reliability under the Capacity Procurement Mechanism (CPM) and establishes pricing terms for such procurement. The Six Cities further states that for real-time capacity needs, the language in section 43A provides for CPM designation of capacity subject to Exceptional Dispatch by the ISO.	The proposed changes to section 42.1.5 clarify existing tariff provisions that authorize the ISO to enter into real-time contracts for generation and ancillary services in order to meet applicable reliability criteria. This authority is in addition to the exceptional dispatch and capacity procurement mechanism provisions in section 43A and not a general restatement of exceptional dispatch and capacity procurement mechanism provisions. In some instances, a real-time contract for generation or ancillary services could include an exceptional dispatch or a capacity procurement mechanism designation. If, for example, the ISO needs to secure ancillary services in real-time from a

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		resource, it might need to exceptionally dispatch the resource to a level to secure those services.
42.1.5	The Six Cities further argues that section 41 provides for the procurement of capacity by the ISO under the reliability must-run (RMR) provisions under specified circumstances and with defined pricing provisions.	The proposed changes to section 42.1.5 clarify existing tariff provisions that authorize the ISO to enter into real-time contracts for generation and ancillary services in order to meet applicable reliability criteria. This authority is incremental to the exceptional dispatch and capacity procurement mechanism provisions in section 43A and not merely a more general restatement of exceptional dispatch and capacity procurement mechanism provisions. However, as referenced above, a real-time contract for generation or ancillary services could result in an exceptional dispatch or a capacity procurement mechanism designation.
42.1.5	The Six Cities states that the proposed language in section 42.1.5 implies that there is some additional, but unspecified, backstop procurement authority that has pricing provisions different from those applicable under CPM or RMR.	The proposed changes to section 42.1.5 clarify existing tariff provisions that authorize the ISO to enter into real-time contracts for generation and ancillary services in order to meet applicable reliability criteria. This authority is incremental to the exceptional dispatch and capacity procurement mechanism provisions in section 43A and not merely a more general restatement of exceptional dispatch and capacity procurement mechanism provisions. The proposed revisions clarify that the pricing for real-time contracts for ancillary services or unloaded capacity will be the applicable fifteen-minute market ancillary services marginal price

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42.1.5	The Six Cities states that it appears that the CPM or RMR backstop authority could cover any capacity procurement required to maintain compliance with Applicable Reliability Criteria.	Tariff section 42.1.5 provides that if the ISO concludes that it may be unable to comply with Applicable Reliability Criteria, it shall, acting in accordance with Good Utility Practice, take such steps as it considers to be necessary to ensure compliance, including the negotiation of contracts through processes other than competitive solicitations on a Real-Time basis. WECC Reliability Standard BAL-002-WECC-2a requires the ISO to maintain a minimum amount of contingency reserve, except within the first sixty minutes following an event requiring the activation of contingency reserve, that is the greater of (1) an amount of contingency reserve equal to the loss of the most severe single contingency; or (2) an amount of contingency reserve equal to the sum of three percent of hourly integrated Load plus three percent of hourly integrated generation. (Requirement 1 of Reliability Standard BAL-002-WECC-2a.) Contingency reserve amounts are based upon load and generating data averaged over each clock hour. If the ISO needs to secure additional reserves in real-time to meet contingency reserve requirements, the ISO may need to rely on the authority set forth in section 421.5 depending on when the need arises. In the day-ahead time frame, the ISO market procures 100 percent of its forecasted ancillary services needs based on the forecast of ISO demand. The ISO procures incremental ancillary

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		services needs through the fifteen-minute market. In some instances (*e.g.* when the ISO's most severe single contingency changes, due to a forced outage of a resource that was awarded ancillary services in the day-ahead time frame, or as a result of load forecast error), the ISO may need to procure incremental ancillary services for the balance of an operating hour. The fifteen minute market cannot in all instances secure these ancillary services in time to maintain the required contingency reserves over the balance of an operating hour because the fifteen minute market run starts 37.5 minutes before the applicable fifteen minute operating interval. If a need arises more than seven and a half minutes after the beginning of the hour (when the market run for the last fifteen minute market interval of the operating hour begins), then the next fifteen minute market run can only secure ancillary services capacity for the next operating hour as opposed to the current operating hour. In these instances, the ISO will rely on its authority to contract in real-time for ancillary services.
42.1.5	The Six Cities requests clarification from the ISO. The Six Cities states that if the CPM or RMR backstop authority does not cover capacity procurement required to maintain compliance with the Applicable Reliability Criteria, then the Six Cities requests that the tariff explain clearly the circumstance under which any additional procurement authority will apply, how prices will be determined, and how the associated costs will be recovered by market participants.	The ISO will offer a description of its real-time contracting practice in its Business Practice Manual. The purpose of the tariff clarification is to specify that the rate that would apply for a real-time contract for ancillary services or unloaded capacity, unless otherwise specified, shall be the applicable Fifteen-Minute Market Ancillary Service Marginal Price. The allocation of these costs to market participants would follow existing ancillary sieves cost allocation rules.

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Appendix J	The Six Cities notes that it is not clear why the "Definitions" sub-section (currently sub-section 3, proposed to be re-numbered to sub-section 2) remains necessary following the deletion of the current sub-section 1. The Six Cities notes that current sub-section 3 appears to be limited to specialized definitions of terms related to sub-section 1; and with the deletion of sub-section 1, it appears that current sub-section 3 also should be deleted to avoid inconsistency with definitions in Appendix A.	The ISO will make this change.