



California ISO

**California Independent System Operator  
Corporation**

**Request for Proposal**  
Transferred Frequency Response

**Submission Deadlines:**

*Friday, July 1, 2016*

*Time: 11:59pm Pacific Daylight Time*

**Submit Proposals to:**

Joanne Bradley

[JBradley@caiso.com](mailto:JBradley@caiso.com)

916-608-1060

California ISO

250 Outcropping Way,

Folsom, CA 95630

## Introduction

In January 2014, the Federal Energy Regulatory Commission (“FERC”) approved Reliability Standard BAL-003-01 that was submitted by the North American Electric Reliability Corporation (“NERC”). Among other things, this standard requires Balancing Authorities to meet an annual frequency response measure, compliance with this requirement begins December 1, 2016. This standard requires each Balancing Authority or reserve sharing group to demonstrate that it meets the required measure through the submission of a compliance form each year after the conclusion of the compliance year to NERC/Western Electricity Coordinating Council (“WECC”). These NERC/WECC forms reflect that compliance with the obligation can be met through “Transferred Frequency Response” which is a compliance instrument that allows one Balancing Authority to increase its frequency response obligation and another Balancing Authority to reduce its frequency response obligation for purposes of reporting compliance with the standard. The California Independent System Operator Corporation (“CAISO”) is seeking to purchase up to 100 MW per 0.1 Hz Transferred Frequency Response capability to meet its frequency response obligation for the compliance period starting on December 1, 2016 and continuing up to and including November 30, 2017.

The CAISO is defining Transferred Frequency Response as a frequency response performance obligation adjustment expressed in MW per 0.1 Hz that the CAISO may acquire from another Balancing Authority pursuant to a contract. The CAISO is proposing to report Transferred Frequency Response annually on applicable NERC/WECC forms by reducing the Transferred Frequency Response from its frequency response performance obligation in each reported frequency disturbance event. CAISO’s Transferred Frequency Response adjustment reported on its forms may reflect an aggregate amount of frequency response from contracts with multiple Balancing Authorities. The CAISO expects its frequency response performance rate reported for each frequency disturbance event expressed in MW per 0.1 Hz will be evaluated for compliance with the Applicable Reliability Criteria including the Transferred Frequency Response adjustment.

Under the standard, NERC will determine in October the frequency response obligation of each Balancing Authority in the WECC. Based on the CAISO’s obligation which is anticipated to be approximately 258 MW/0.1 Hz the CAISO intends to transfer, pursuant to a contract or contracts, up to 100 MW/0.1 Hz frequency response performance obligation to another one or more Balancing Authorities.

The following table illustrates an example of the CAISO’s expectations for performance in varying frequency disturbance events.

	<b>CAISO Obligation</b>	<b>BA 1 Obligation</b>
NERC Assigned Obligation	250 MW/0.1 Hz	100 MW/ 0.1 Hz
Transferred Frequency Response	- 100 MW/0.1 Hz	+ 100 MW/0.1 Hz
<u>Resulting NERC Obligation</u>	<u>150 MW/ 0.1 Hz</u>	<u>200 MW/ 0.1 Hz</u>
Examples of Disturbance Event Obligation		
0.1 Hz Frequency Drop	150 MW	200 MW
0.2 Hz Frequency Drop	300 MW	400 MW

**Terms:**

- Product - Transferred Frequency Response
- Eligible Provider – Balancing Authority in the WECC or its authorized seller, as discussed further below
- Quantity – 100 MW/0.1Hz (Total amount which can be procured through multiple contracts)
- Term (compliance period) – December 1, 2016 – November 30, 2017
- Price - \$/compliance period

**Timeline: (the following is a sample timeline based that still needs to be refined)**

- July 1, 2016 – Request For Proposal responses are due to CAISO
- Mid-July 2016 – CAISO announces successful bidder(s)
- Mid-July 2016 – Transferred Frequency Response Agreement tendered to successful bidder(s)
- September 15, 2016- Agreement finalized
- October 1, 2016 – Executed agreement filed with FERC with a December 1, 2016 effective date

**Bidding Instructions:**

- A bidding template is provided as Attachment A to this Request for Proposal and bids must be submitted using this template.
- In addition to the bidding template, submission of Proof of Capability for the past three years is required through submitting the prior three years of NERC forms, Frequency Response Standard Form.
- Submit Bids and Proof of Capability by midnight on July 1, 2016 to:  
Joanne Bradley  
[jbradley@caiso.com](mailto:jbradley@caiso.com)

**Eligibility:**

- Bids will not be considered from single generator Balancing Authorities

**Evaluation Criteria:**

- Demonstration of ability to provide the amount of Frequency Response Transfer
- Least Cost

**Terms and Conditions of Service:**

- A draft agreement is provided as Attachment B and the bidder must be willing to execute the agreement as drafted. If the bidder does not agree with the terms and conditions in the draft agreement, then the bidder must address in their bid the following:
  - What term or condition bidder disagrees with?
  - Why does the bidder disagree with the term or condition?
  - What does the bidder propose as an alternative?
  - Are there other terms and conditions the bidder would need in the agreement if selected? If yes, please provide those terms and conditions.

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## Attachment A

### Transferred Frequency Response Bidding Template

Please submit this form along with proof of capability for the past three years to Joanne Bradley at [JBradley@caiso.com](mailto:JBradley@caiso.com) by 11:59 pm Pacific Daylight Time on July 1, 2016. For any questions please contact Joanne Bradley at 916-608-1060.

Company Name: \_\_\_\_\_

Contact Name: \_\_\_\_\_

Contact Title: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Alternative Phone Number (optional): \_\_\_\_\_

E-mail Address: \_\_\_\_\_

**Bid Quantity** (MW/0.1 Hz): \_\_\_\_\_

**Bid Price** (\$/compliance period): \_\_\_\_\_

Comments on draft Transferred Frequency Response Agreement:

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