

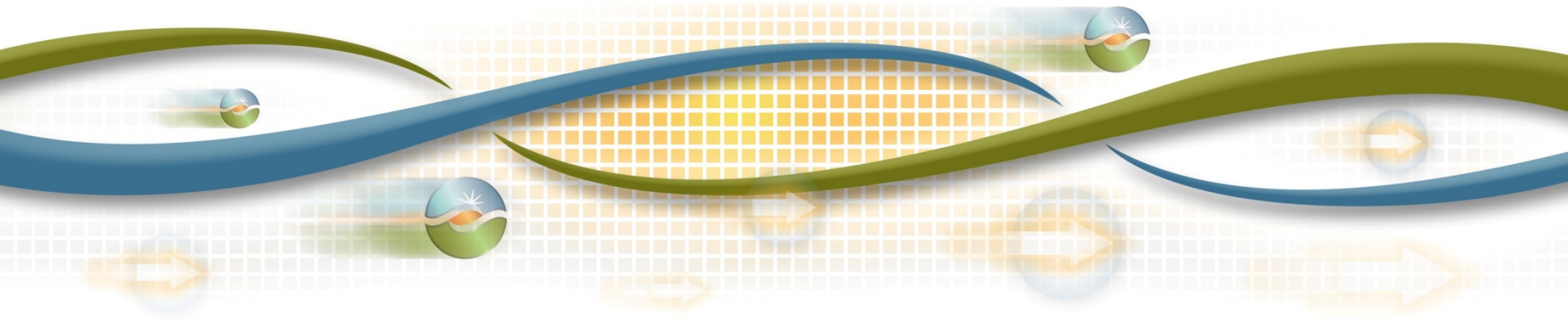


Black Start and System Restoration Phase 2 Initiative

Scott Vaughan

Draft Final Proposal Stakeholder Web Conference

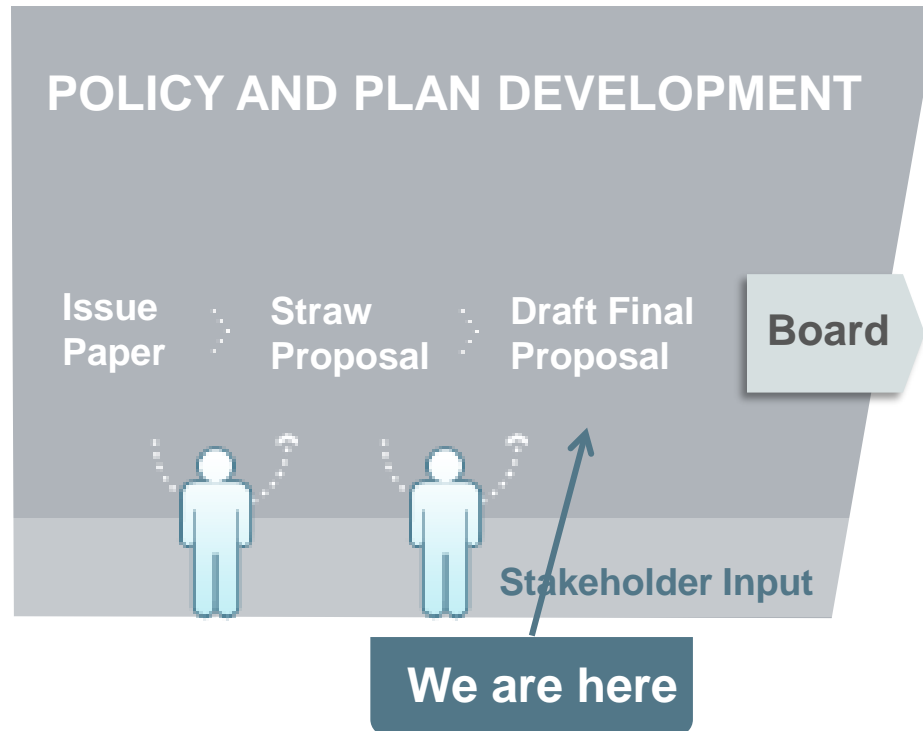
March 21, 2017



Agenda

Time	Topic	Presenter
9:00 - 9:05	Introduction	Kim Perez
9:05 - 9:10	Stakeholder schedule	Kim Perez
9:10 - 10:55	Stakeholder Comments, Procurement, Compensation, Cost Allocation and Contractual Considerations	Scott Vaughan
10:55 - 11:00	Next Steps	Kim Perez

ISO policy initiative stakeholder process



Remaining Stakeholder schedule

Milestone	Date
Stakeholder call	March 21, 2017
Stakeholder comments due	April 4, 2017
Board Meeting	May 2, 2017

STAKEHOLDER COMMENTS

Straw Proposal Comments

- Stakeholders expressed concern with the role of PTO's in any RFP evaluation and selection process.
- Stakeholders asked the ISO to consider whether a resource was likely to operate for the duration of the black start agreement as part of the resource evaluation.
- Most stakeholders support the ISO's proposal to identify black start capability as a Reliability Services Cost for purposes of cost allocation although one stakeholder proposed an alternative allocation approach based on the methodology used for the ISO's significant event capacity procurement mechanism.
- Stakeholders support a compensation model based on cost of service to ensure that the costs associated with the incremental service will be reasonable.

PROCUREMENT

THE ISO PROPOSES TO ADMINISTER A COMPETITIVE SOLICITATION PROCESS FOR PROCURING INCREMENTAL BLACK START CAPABILITY.

- In consultation with the applicable participating transmission owner, develop a black start technical specification document that defines requirements and key selection criteria.
- Publish a draft of this specification document in April, and a final specification document after obtaining Board approval of this draft final proposal.
- In the second half of May, conduct an onsite meeting to review the technical requirements and selection criteria and answer questions.
- In first half of June, issue a request for proposals for incremental black start resources.

THE ISO PROPOSES TO UNDERTAKE THE EVALUATION OF PROPOSALS FOR INCREMENTAL BLACK START CAPABILITY.

- Consult with the applicable participating transmission owner with respect to how each offer meets the technical requirements.
- Select the most technically and commercially viable offer based on the technical and cost data submitted.
- Consider bidder's proposed costs and as well as what assurances exist that the prospective black start resource will continue to operate over the term of the black start agreement.
- Contract process with the black start resource. The contract will be a three party agreement between the ISO, the participating transmission owner and the black start resource.
- The ISO plans to publish a draft of the black start agreement in April.

BLACK START COMPENSATION

THE ISO PROPOSES THAT COMPENSATION FOR INCREMENTAL BLACK START CAPABILITY REFLECT A COST OF SERVICE MODEL.

- Allow recovery of capital and fixed operations and maintenance costs plus a reasonable margin
- Allocate the costs of incremental black start capability to the participating transmission owner area where the incremental black start resource is located
- Modify existing tariff provisions to recognize the costs of black start capability as reliability services costs under the ISO tariff

The ISO seeks stakeholder comments on this procurement and cost allocation approach.

NEXT STEPS

Next Steps

Milestone	Date
Issue paper posted	January 17, 2017
Stakeholder call	January 24, 2017
Stakeholder comments due	January 30, 2017
Straw proposal posted	February 14, 2017
Stakeholder call	February 21, 2017
Stakeholder comments due	February 28, 2017
Draft final proposal posted	March 14, 2017
Stakeholder call	March 21, 2017
Stakeholder comments due	April 4, 2017
Board Meeting	May 2, 2017

Stakeholders are asked to submit written comments to InitiativeComments@caiso.com by end of day April 4.