

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Version One Regional Reliability Standard)	Docket No. RM09-15-000
Resource and Demand Balancing)	
)	
)	

**MOTION TO ACCEPT COMMENTS OUT OF TIME AND COMMENTS OF
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

The California Independent System Operator Corporation (California ISO) respectfully submits these comments in response to the Commission’s March 18, 2010 Notice of Proposed Rulemaking, Version One Regional Reliability Standard for Resource and Demand Balancing (NOPR),¹ which proposes to remand the revised reliability standard designated by the Western Electricity Coordinating Council (WECC) as BAL-002-WECC-1 (Contingency Reserves). The ISO respectfully requests that the Commission accept these comments out of time pursuant to Rules 212 and 2008(b) of the Commission’s Rules of Practice.²

I. Introduction

To the extent the Commission determines it is necessary to remand BAL-002-WECC-1, the California ISO recommends that the Commission allow the

¹ *Version One Regional Reliability Standard for Resource and Demand Balancing*, Docket RM 09-15-000, 130 FERC ¶ 61,202 (2010).

² 18 C.F.R. § 385.212; 18 C.F.R. § 385.2008(b). Comments on the Commission NOPR were due May 24, 2010. The California ISO inadvertently calendared this date as May 26, 2010. Good cause still exists to accept these comments, which are primarily procedural. First, the comments may assist the Commission in reaching a decision in this matter. Second, no party will be prejudiced by acceptance of these comments.

North American Electric Reliability Corporation (NERC) to submit a revised version of BAL-002-WECC-1 within 90 days or as soon as possible thereafter³ to resolve concerns that the definition of Spinning Reserves precludes participation by demand side management as a resource to provide contingency reserves. The Commission should allow NERC and WECC additional time to perform any necessary technical justifications to address the remaining concerns in the NOPR. If necessary, this direction may accelerate the opportunities for balancing authorities and reserve sharing groups in the WECC to include demand side management as a resource to satisfy contingency reserves.

II. Background

The proposed standard BAL-002-WECC-1 would set revised reserve requirements to maintain scheduled frequency and avoid loss of firm load following transmission or generation contingencies. The Commission proposes to remand the proposed standard based on concerns that it not only fails to support the adoption of less stringent requirements than those in the currently effective WECC region, but may also in some respects be less stringent than the corresponding NERC continent-wide reliability standard pertaining to contingency reserves.

The Commission identifies four issues, which may not satisfy the statutory criteria for approval.

1. Calculation of Minimum Contingency Reserves

³ The ISO understands that NERC's procedures provide that NERC will issue a plan and timetable to modify any remanded reliability standard within 30 days of a remand. The ISO recognizes that even straightforward modifications to BAL-002-WECC-1 may take longer than 90 days.

2. Contingency Reserve Restoration Period
3. Use of Firm Load to Meet Contingency Reserves
4. Including Demand-side Management as a Resource

For issues 1 and 2, the Commission is proposing to remand the standard on the grounds that WECC's standard requires additional technical justification. For issue 3, the Commission is proposing to remand the standard on the grounds that it could allow the use of firm load to meet minimum contingency requirements. For issue 4, the Commission is proposing to remand WECC's standard because it does not include demand side management as a resource to provide contingency reserves.

III. The Commission should allow NERC to remedy any definitional concerns associated with BAL-002-WECC-1 within 90 days or as soon as possible thereafter

In its petition, NERC stated that the WECC drafting team believed the reliability standard does "permit load, Demand-Side Management, generation, or another resource technology that qualifies as Spinning Reserve or Contingency Reserve to be used as such." WECC further explained that demand-side management that is deployable within ten minutes is a subset of interruptible load, which is an acceptable type of contingency reserve.⁴ The ISO encourages the Commission to accept NERC's explanation. If the Commission, however, believes that it is necessary to clarify BAL-002-WECC-1 to ensure comparable treatment of demand side management resources with conventional generation or any other technology, this effort need not wait for the development of any

⁴ (See, NOPR at PP 30-31, *citing* NERC petition at 40.)

additional technical studies to support the calculation of minimum contingency reserves or the contingency reserve restoration period.

In proposing the revised standard, WECC intended to allow demand side management resources to provide spinning reserve or contingency reserves.⁵ The Commission, however, highlights an apparent conflict related to the definition of Spinning Reserve as it is used in the proposed standard.⁶ The NERC Glossary defines Spinning Reserves as “[u]nloaded generation that is synchronized and ready to serve additional demand.” The Commission proposes to direct WECC to revise BAL-002-WECC-1 to refer to the term *Operating Reserve-Spinning*, which explicitly references demand side management as a resource that can provide spinning reserves.⁷ If the Commission issues a remand, it should also provide NERC an opportunity to resubmit BAL-002-WECC-1 to address this definitional issue in an expeditious manner in order to advance prior Commission directives in Order 693⁸ and Order 719⁹ as well as the Commission’s own strategic plan.¹⁰

⁵ NOPR at P 43, citing NERC petition at 40.

⁶ NOPR at PP 43-47.

⁷ NOPR at P 45. The Commission recognizes that there may be regional limitations on the amount of demand side management or other technically capable resources that can be reliability employed to provide contingency reserves. NOPR at P 47, fn 58. The California ISO strongly agrees with the Commission.

⁸ *Mandatory Reliability Standards for the Bulk-Power System*, Order 693, FERC Stats & Regs. ¶ 31,242 at P 330-333 Order 693 at P 330-335 (2007).

⁹ *Wholesale Competition in Regions with Organized Electric Markets*, Order No. 719, FERC Stats & Regs. ¶ 31,281 at 49 (2008).

¹⁰ Federal Energy Regulatory Commission Strategic Plan for FY 2009-2014, objective 1.1: Establish rules that enhance competition by allowing non-discriminatory market access to all supply side and demand-side energy resources.
<http://www.ferc.gov/about/strat-docs/FY-09-14-strat-planprint.pdf>

This approach is similar to a stakeholder initiative the California ISO recently completed. The initiative identified changes to operating characteristics and technical requirements for ancillary services to allow comparable treatment of resource types and technologies. The California ISO reviewed and identified modifications to prescriptive language and certification requirements set forth in its tariff, which assumed the resource was a generator. The California ISO intends to request Commission authorization to make these changes in order to allow all resources to provide ancillary services so long as they are technically capable. The California ISO intends to initiate a separate effort to examine what market and product enhancements are necessary to integrate an increasing number of renewable resources under California's Renewables Portfolio Standard.¹¹ This effort will depend in part on technical studies that the ISO is undertaking. The ISO's two-step process is comparable to permitting NERC and WECC an opportunity to address definitional concerns identified in the NOPR without the need to complete comprehensive studies to address any remaining concerns in the NOPR.

IV. Conclusion

In the event the Commission determines it is necessary to remand BAL-002-WECC-1, the California ISO recommends the Commission allow NERC to submit a revised version of BAL-002-WECC-1 within 90 days or as soon as possible thereafter to resolve concerns that the definition of Spinning Reserves

¹¹ See, California Public Utilities Code § 399.11 *et seq.*; *see also*, Executive Order of Governor Schwarzenegger S-14-08 dated November 17, 2008 and Executive Order of Governor Schwarzenegger S-21-09 dated September 16, 2009.

precludes participation by demand side management as a resource to provide contingency reserves.

Respectfully submitted,

/s/Andrew Ulmer

Donald Tretheway
Senior Market Design and Policy
Specialist
The California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 608-5995
Fax. (916) 608.7296

Andrew Ulmer
Senior Counsel
The California Independent System
Operator Corporation
151 Blue Ravine Road
Folsom, CA 95630
Tel: (916) 608-7209
Fax. (916) 608.7296

Counsel for the
California Independent System
Operator Corporation

Dated: May 26, 2010

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service list in the captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 26th of May, 2010.

Anna Pascuzzo

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