

## Reliability Coordinator Services

### Rate Design, Terms and Conditions Straw Proposal

#### COMMENTS TEMPLATE

Company	Contact Person	Date Submitted
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Please use this template to provide your written comments on the stakeholder initiative  
“**Reliability Coordinator Services Rate Design, Terms and Conditions**”

Submit comments to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com)

**Comments are due May 4, 2018 by end of day**

The straw proposal that was posted on April 5, 2018 and the presentation discussed during the April 12, 2018 stakeholder meeting can be found on the following webpage:  
[http://www.caiso.com/informed/Pages/StakeholderProcesses/ReliabilityCoordinatorServicesRateDesignTerms\\_Conditions.aspx](http://www.caiso.com/informed/Pages/StakeholderProcesses/ReliabilityCoordinatorServicesRateDesignTerms_Conditions.aspx)

Please identify which topic your question relates to as part of your comments.

Topics include:

- Scope of Services
- Supplemental Services
- Funding Requirement
- Rate Design
- Settlements Process
- Initial Commitment Terms
- Exiting Terms
- Service Agreements

- Onboarding
- Other [specify]

PacifiCorp hereby submits the following comments to the California Independent System Operator Corporation (“ISO”) on the Reliability Coordinator (“RC”) Rate Design, Terms, and Conditions straw proposal that was published April 5, 2018, (“Straw Proposal”). PacifiCorp appreciates the opportunity to provide comments for the ISO’s consideration.

**Comment:** Scope of Core Services and Supplemental Services. PacifiCorp supports the ISO’s proposal on the scope of core and supplemental RC services. PacifiCorp recommends that the ISO seek a shared management agreement with other RCs in the Western Interconnection for critical joint use tools such as the Western Interchange Tool (WIT) and Enhanced Curtailment Calculator (ECC).

**Comment:** Oversight. PacifiCorp supports the Reliability Coordinator Project Steering Committee (RPSC) and oversight that it provides. For an effort of this magnitude, PacifiCorp recommends the engagement of an independent entity to oversee the project and provide progress reports to the RPSC. PacifiCorp also recommends that the RPSC continue to shape the interim oversight and future oversight.

**Comment:** Funding Requirement and Rate Design. In the Straw Proposal, the ISO determined estimated costs of the RC services using its existing activity based costing (“ABC”) system and 2016 ISO cost of service study data. The ISO’s methodology produced results that estimate approximately \$5 million in direct costs associated with RC services, and about \$6.2 million in indirect costs, which represent use of the ISO’s support staff, facilities and technology, and capital. The ISO estimates that six percent of its revenue requirement will be attributable to its RC services function, and such percentage will be updated during the ISO’s triennial cost of service study. PacifiCorp supports the ISO’s methodology leading to the resulting initial funding requirement of approximately \$12 million for providing RC services, which includes an RC operating budget of \$11.8 million and an operating budget reserve amount of \$0.2 million. PacifiCorp supports the ISO’s proposed methodology to determine the funding requirement.

The ISO has proposed a volumetric billing determinant and a minimum charge of \$5,000 per year (or \$417 per month) for funding entities that have zero to “very low” trackable volumes in the RC footprint. The ISO states that the minimum charge represents the projected time and resources necessary to provide outage coordination, dispatch, and other services, which will be reassessed every three years as part of the ISO’s cost of service study. The ISO proposes that the rate/MWh will be determined by

dividing the net RC funding requirement (\$12 million) by the forecasted volumes of net energy for load MWh (Net BA generation plus imports into BA less exports from BA less energy for storage) or forecasted volumes of net generation for generation only BAs. PacifiCorp supports the ISO's proposed methodology to determine the rate per MWh of RC services.

RC Funding Agreement. PacifiCorp proposes an annual cap (somewhere between 0% to 5%) on year-over-year increases unless approved by the funding parties for special assessment. For the RC operating budget reserve PacifiCorp proposes a range between 3% to 4% with a cumulative cap of 5%.

FERC, NERC and WECC Penalties. The ISO proposes to allocate FERC, NERC, and WECC penalties directly to specific entities whose conduct was found to have contributed to the penalty, pursuant to its formula in Section 14.7 of its tariff. PacifiCorp disagrees with this proposal and recommends that the ISO allocate penalties incurred in the performance of its RC function in line with the allocation of annual charges for RC services. The RC has specific requirements and responsibilities, with which the RC must comply regardless of the initial cause of a penalty. By offering RC services, the ISO is accepting that risk, and the costs should be addressed through the RC fees paid by all entities receiving RC services. PacifiCorp also recommends that the ISO be clear in its penalty allocation tariff provisions that penalties incurred by the ISO under a specific ISO function (e.g., BA function, RC function, TOP function) will be allocated only to customers that take service under that specific ISO function.

**Comment:** Settlements Process. In the Straw Proposal, the ISO proposes monthly invoicing of RC services, which will be billed to each BA scheduling coordinator under a BA RC services agreement. PacifiCorp would prefer annual billing of RC services, to better align with budget processes.

In addition, PacifiCorp understands that TOPs within a BA receiving RC services from the ISO must also receive RC services from the ISO, which will be billed to the BA scheduling coordinator for sub-allocation to the TOPs. However, a TOP within a BA that receives RC services from the ISO may choose to be directly billed by the ISO for its RC services, under a TOP RC services agreement. The ISO further proposes to enforce a late payment penalty of \$1,000, and such penalty will be recovered from scheduling coordinators within the defaulting BA only. PacifiCorp reserves its right to further comment on the settlements process when more details are provided in a *pro forma* RC services agreement.

**Comment:** Initial Commitment and Exiting Terms. The ISO proposes an initial commitment term of 18 months, with an early termination fee, equal to the estimate of service fees that would otherwise be due for the remainder of the initial commitment

period, which would be applied if the RC services agreement is terminated prior to expiration of the initial commitment. PacifiCorp supports the initial commitment proposal.

After the initial commitment, an entity may terminate the RC services agreement without penalty with six months' advance written notice prior to one of two "exit windows" in either the spring or the fall. The ISO further proposes an early termination fee if the RC services agreement is terminated prior to the six month notice expiration. PacifiCorp highly recommends a 12-month advance written notice to terminate an RC services agreement, with an early termination penalty that would require the exiting entity to pay its total annual RC services charges.

**Comment:** Reliability Coordinator Agreement. PacifiCorp understands that the ISO will develop a *pro forma* RC services agreement in its upcoming draft final proposal, and intends to file the *pro forma* agreement with the Federal Energy Regulatory Commission ("FERC") for recording in FERC's electronic quarterly reports. PacifiCorp looks forward to working with the ISO and stakeholders on the terms of the RC services agreement.

PacifiCorp appreciates the opportunity to comment on the ISO's Straw Proposal and the ISO's consideration of these comments.

**Comment:** Onboarding. The ISO states that it will implement, "a staggered onboarding integration for RC Customers with a start date in fall 2019." PacifiCorp requests that the ISO clarify this process in its next paper – the draft final proposal – to confirm that only the *readiness* work (i.e., technology, systems, and training) would be performed on a staggered basis, but that all RC customers who have signed an RC Services Agreement in the fall of this year, will begin receiving those services on the same start date in the fall of 2019.