

Portland General Electric Comments
Reliability Coordinator Services Agreement &
Draft Tariff Language

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Portland General Electric Company (“PGE”) appreciates the opportunity to provide comments on the California Independent System Operator’s (“ISO”) Reliability Coordinator Services Agreement (“Agreement”) and draft Tariff Language.

Comments on RC Services Agreement

Article III: Term and Termination

3.2.1 Termination by CAISO: PGE again¹ strongly encourages the ISO to reexamine its approach for RC customers who are in default of payment. While PGE appreciates the ISO extending the default period from 20 to 30 days, PGE recommends that the ISO consider a 60- or 90-day cure period before providing written notice of termination.

PGE believes that there is a substantial risk with a short cure period that is incompatible with a “reliability first” approach. If this longer period would cause the ISO to incur costs, PGE asks that the ISO enumerate the challenges with a longer period and identify potential remedies (e.g., reliance on financial reserves, penalty, fee, etc.)

3.2.2 Termination by RC Customer: PGE suggests the following change (underlined) to the text of Section 3.2.2:

...This notice will be given on or before April 1 of the then current calendar year and such termination will become effective on April 1 of the following year...

Article IV: Penalties and Sanctions

4.1 Allocation of Reliability Related Penalty Costs: While PGE appreciates the safeguards, including FERC approval, in the proposed tariff language, PGE reiterates its position from previous comments opposing the direct allocation of penalties to specific RC customers. PGE recommends that the ISO allocate penalties incurred in its performance of the RC function according to the same formula used for annual charges.² PGE is open to direct allocation in the specific cases where the ISO incurs a penalty that is truly the fault of another entity, but there would have to be a clearly stated standard of proof to trigger the direct allocation. In PGE’s view, however, direct allocation should be only for those exceptional circumstances where it is truly warranted; the norm should be that the penalty dollars are shared across the ISO’s RC customers.

Article V: Billing and Settlements

5.2.1 Default NEL MWh: PGE requests that the ISO provide the basis for the proposed 1.25 multiplier for Net Energy for Load for the Load Serving Entity.

¹ *Id.* at 3.

² *Id.* at 3.

5.2.2 Default NG MWh: PGE requests that the ISO provide the basis for the proposed calculation of the installed capacity multiplied by a .90 capacity factor and multiplied by 8,760 hours per year. PGE also requests that the ISO provide additional detail on what change to installed capacity would trigger an amendment to the Net Generation MWh calculation. Would a *de minimis* change trigger this amendment?

Article IX: Dispute Resolution:

9.2 Limitation on Disputes: PGE finds the language in this section overly restrictive. PGE believes that customers receiving RC services have the right under the NERC Rules of Procedure to initiate complaints regarding compliance with NERC Reliability Standards. PGE requests that the ISO revise section 9.2 to conform with RC customer's existing rights under NERC's Rules of Procedure, and any other existing regulatory processes that might allow for such disputes.

Comments on Draft Tariff Language

19.2(b)(8) Readiness Determination: CAISO proposes to specify the Readiness Certification requirements in the Business Practice Manual for RC Services. PGE notes that the Readiness Criteria for Energy Imbalance Market Readiness are enumerated in the Tariff. PGE asks that CAISO consider whether consistency between tariff sections is more appropriate.

19.5(b)(3): PGE recommends the following edit:

Other Balancing Authority or Transmission Operator Responsibilities. ~~Except as otherwise addressed in Section 19 or under any agreement required by Section 19,~~ Nothing in the CAISO Tariff will alter an RC Customer's responsibilities under NERC Reliability Standards as the Balancing Authority for its Balancing Authority Area, as a transmission operator, or any other function for which the RC Customer is registered.

Again, PGE finds that this provision would establish an unacceptable conflict between our obligations under NERC standards and our obligations under the CAISO Tariff.

19.7(d)(2) Validation and Disputes of RC Services Invoices: PGE recommends that the ISO consider extending the dispute period beyond the proposed 5 days. This period of dispute seems unreasonably short for an annual invoice. PGE recommends a period of 15-30 days. For example, the ISO provides itself 21 days to re-issue corrected invoices.

19.7(d)(4) Disputes: PGE recommends removing this section. PGE believes that RC customers should have the opportunity to dispute any instance where the CAISO's billing does not follow the CAISO's tariff.

19.7(e)(4) Payment Pending Dispute: PGE requests that the CAISO clarify that if customer is found to have overpaid, the customer will receive a refund with interest.

19.7(e)(5) Default Collection Procedures: PGE recommends that CAISO attempt to collect the debt from the defaulting party before allocating the costs to all other RC customers.

19.10(d): Limitation on Disputes: PGE recommends striking this section for the reasons stated above regarding section 9.2 of the Services Agreement

14.7: Allocation of Reliability-Related Penalty Costs: See comments on Article IV: Penalties and Sanctions, above.

14.7.3.1 Procedure for Allocation: PGE requests that CAISO established a default formula for penalty allocation. PGE finds that proposing a methodology in each 205 filing adds unnecessary uncertainty and conflict that would distract from addressing the root cause of the penalty.

PGE recommends that CAISO adopt the same formula that is used for annual charges as the default formula for penalty allocation, but is open to considering other default formulas proposed by the ISO.

Appendix F/Schedule 7: Please clarify that the RC budget process is conducted independently from the overall CAISO Grid Management Charge process.