

Stakeholder Comments

Commitment Cost Enhancements Revised Draft Final Proposal Issued August 21, 2014

Submitted by	Company	Date Submitted
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SCE thanks the California Independent System Operator (CAISO) for the opportunity to comment on the Commitment Cost Enhancements Revised Draft Final Proposal (the Proposal)¹. As a main change in the Proposal, the CAISO proposes to retain the Registered Cost option for Use-Limited Resources (ULRs) until an opportunity cost methodology is developed and implemented for these resources.

SCE supports the Proposal and appreciates the CAISO's efforts to incorporate stakeholder feedback. By retaining the Registered Cost option for ULRs, Scheduling Coordinators will continue to have a method for managing ULRs until CAISO implements an opportunity cost adder as part of a future stakeholder process. In the meantime, using the Registered Cost option avoids the negative impacts² to market efficiency and grid reliability that may have occurred if ULRs were forced to limit bidding based on ULR use plans as proposed by CAISO during the August 19 stakeholder call.

Use-Limited Resource Definition

CAISO has stated throughout this initiative that ULR designation is intended to potentially include resources with any use limit (annual, monthly or daily). However, in SCE's experience,

¹ CAISO Revised Draft Final Proposal on Commitment Cost Enhancements:

<http://www.caiso.com/Documents/RevisedDraftFinalProposalCommitmentCostEnhancements.pdf>

² See SCE's prior comments at

http://www.caiso.com/Documents/SCEComments_CommitmentCostEnhancements_SecondRevisedStrawProposal.pdf

CAISO historically applied a more literal interpretation of the Tariff language and granted ULR status only to those resources with daily limits. More recently³, CAISO references Tariff and BPM language which states that a ULR is a resource with *daily availability limitations*; the language is silent on monthly or annual limits:

CAISO Tariff Appendix (A) defines a ULR as “A resource that, due to design considerations, environmental restrictions on operations, cyclical requirements, such as the need to recharge or refill, or other non-economic reasons, is unable to operate continuously on a daily basis, but is able to operate for a minimum set of consecutive Trading Hours each Trading Day.”

SCE requests that CAISO clarify and revise language in the Tariff and the BPM for Reliability Requirements to clearly state that monthly and annual limitations will also be considered.

Major Maintenance Adders

As discussed on the August 19, 2014 stakeholder call, CAISO is currently reviewing the Major Maintenance Adder (MMA) calculation. SCE supports this effort as well and looks forward to greater transparency of the submission, approval, and implementation process of MMAs.

³ <http://www.caiso.com/Documents/StakeholderCommentsMatrix-CommitmentCost-RevisedStrawProposal.pdf> (p. 41)