Stakeholder Comments

Reactive Power Requirements and Financial Compensation Stakeholder Technical Working Group, April 22, 2015

Submitted by	Company	Date Submitted
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SDG&E appreciates the opportunity to comment on the Reactive Power Requirements and Financial Compensation stakeholder technical working group meeting held April 22, 2015. Overall, SDG&E supports the CAISO's proposal to require future asynchronous renewable generators to provide voltage control within a prescribed range regardless of whether interconnection studies indicate that such control is necessary to mitigate reliability standard violations. SDG&E does not see reason to compensate generators for costs incurred to supply this prescribed range of voltage control. At this time, SDG&E does not believe there is evidence that the cost of compensating generators for providing voltage control within the prescribed range would be offset by economic benefits. Further work is needed to assess the costs and benefits if there is to be a compensation mechanism. Additionally, SDG&E believes consideration of such a mechanism would need to address its applicability to all existing generators, both asynchronous and synchronous.

Currently, a prerequisite for interconnecting synchronous generators within the CAISO Balancing Authority is that the generator must have the ability to supply reactive power within a .95 leading and 0.9 lagging power factor range. Asynchronous generators must have the ability to supply reactive power within a 0.95 leading and 0.95 lagging power factor range at the Point of Interconnection, but only if the interconnection studies demonstrate that such capability is necessary to meet applicable reliability standards. Currently, there is no compensation for providing reactive power within these ranges.

SDG&E acknowledges there may be situations which would require specific generators to provide voltage control outside the standard power factor ranges described above. In this case the CAISO and Participating Transmission Owner should jointly study the reactive needs and determine the most cost-effective solution. If the most cost-effective solution requires a generator to provide voltage control outside the standard power factor range, SDG&E would support compensating the generator for costs incurred to provide reactive power capability outside this range. We expect such instances will be infrequent. Accordingly, we believe administrative efficiency dictates that compensation

be provided via a bilateral contract that sets forth the rates, terms and conditions for service outside the standard power factor range. Any compensation for voltage control services will require a corresponding funding mechanism. The RMR contract with Huntington Beach for the installation and operation of synchronous condensers is a possible funding model.