California Department of Water Resources State Water Project
Comments to the CAISO Draft Final Proposal -
A New Scheduling Priority Class for
Regulatory Must-Run Pump Load in the Integrated Forward Market

March 8, 2011

SWP appreciates CAISO staff's efforts to redress the current situation in which SWP's nodally scheduled and settled pump loads are targeted under CAISO systems for Integrated Forward Market (IFM) scheduling curtailments that Default Load Aggregation Point (DLAP) loads will likely never experience. Nonetheless, SWP is concerned that the proposed solution may cause even greater unintended adverse consequences, particularly in the areas of Resource Adequacy (RA) restrictions and Regulatory Must Run (RMR) certification requirement.

SWP requests that the CAISO reconsider the need to impose RA qualifying capacity restrictions on pump loads that will use the RMR status to achieve protections from IFM interruptions on par with the effective protections afforded to DLAP loads. The intent of the "RMR" status is to prevent SWP pump loads schedules that are cut in IFM from incurring penalizing costs of having to purchase real time energy when those loads show up in real time. The problem—CAISO systems being more prone to adjust SWP's nodally scheduled and settled loads than DLAP loads, with adverse financial impacts disproportionately impacting SWP loads—has nothing to do with RA, and the solution should not disadvantage SWP's ability to use pump loads for RA.

Furthermore, given that the entire purpose and effect of this initiative is to provide SWP pump loads service comparable to DLAP loads, RMR certification requirement is unnecessary. Requiring SWP to pre-identify and then certify the need to run pump loads that should be eligible for treatment on a par with DLAP loads in terms of IFM interruption is inconsistent with the concept of even-handed treatment of all loads. Therefore, SWP requests that CAISO consider having SWP responsible for identifying, without certification, the nodally-priced pump loads that are eligible for "RMR" treatment.

A unique aspect of SWP's pump loads is their dynamic operating nature, which in turn is driven by Federal and State laws and standards that impose *restrictions* on the ability to pump and the need to pump when windows of opportunity occur. These very traits make the "RMR" paradigm, with pre-certification and RA limits set a year in advance, an ill-fitting solution for the problem caused by CAISO's targeting IFM scheduling interruptions of nodally settled and scheduled SWP pump loads.

The operating restrictions confronting SWP pump loads often force SWP to refine operating forecasts prior to the IFM scheduling process. This daily refinement of SWP's pumping needs

then defines SWP's ability to offer the non-spin or load drop from these use-limited participating load resources. Advanced forecasting, such as annual forecast of RMR load, is highly uncertain due to real time dynamic operating conditions of SWP's operations. CAISO's requirement that forecasted RMR load should be disqualified from annual RA qualifying capacity will prevent SWP from using pump capacity for RA based on that annual uncertain forecast of RMR load. As a result, SWP may be forced to procure local as well as system RA capacity which could have been provided by the pumps itself if the near term forecast indicates that the actual RMR load would be much less or not needed as compared to the annual forecast.