

Attachment E – Stakeholder Process

ISSUE #	ISSUE, INTERVENOR & CITE	RESOLUTION
4.	Ancillary Services Requirements Protocol: Section 4.4.1 of the ASRP, Dynamic Schedules, is ambiguous and could be interpreted to exclude parties from the ancillary services market. BPA I at 12-13.	Stakeholder process - Ancillary Service Redesign
30.	Section 6.1.2 of the ASRP should specify when the Replacement Reserve requirement will be determined and how it will be communicated to participants. Southern Cities I at 12.	Stakeholder process - Ancillary Service Redesign
54.	<p>The time allowed for SCs to review Preliminary Settlement Statements (discussed in Sections 11.6.1.2 and 11.7.2) is too brief. If the ISO requires additional time to consider comments regarding Preliminary Settlement Statements, it should add time at the end of the process and not reduce the time available for SC review. Southern Cities I at 20.</p> <p>Section 11.6.1 - There is not adequate time for SCs and PX participants to reconcile daily disputes and month end invoices. Review ISO calendar. PG&E PX comm 8/5.</p> <p>SP 3 (a) provides the ISO with broad latitude to modify its scheduling timelines. For instance, the ISO may implement “temporary” variations to the timing requirements “for reliability purposes or <u>due to error or delay caused by the ISO’s inability to meet its own timing requirements.</u>” The fact that the ISO is unable to meet its own timing requirements, thus causing a “delay,” by no means justifies the ISO’s ability to re-write the rules, and more importantly, provides little incentive for the ISO to meet its own timing requirements. ECI compliance filing protest at 27-28.</p>	Stakeholder process - Settlement Improvement Project
82.	The Ancillary Services Requirements Protocols suffer from the ISO’s back-pedaling in order to justify the short-comings of the software instead of providing ground rules to foster a reasonable market for such products. SMUD’s primary concern is the constant use of the reference to Zonal determination in the need for various Ancillary Services. The ISO makes no commitments to the resolution of this issue. SMUD I at 24.	Stakeholder process - Ancillary Service Redesign
83.	The balkanization of the Ancillary Services markets creates a situation where Ancillary Services cannot be competitively supplied across Zones and thereby potentially creates thinner, less competitive markets. SMUD I at 24-25.	Stakeholder process - Ancillary Service Redesign

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107.	The SP and SBP should recognize that losses may be absorbed internally in a scheduling party's system. TANC I Appendix A at 1 and 5. SBP 2.2.2 should recognize that losses may be absorbed internally in a scheduling party's system. TANC I, Appendix A at 5.	Stakeholder process - Metered Subsystem
118.	SBP section 2.1.1(c) should include a reference to System Units where Generating Units are referenced. TANC I Appendix A at 4.	Stakeholder process - Metered Subsystem
120.	Section 2.1.2(c) of the SBP should recognize that an MSS or other existing operating entity will be measured by net load. TANC I Appendix A at 4. The provisions (sections 2.2.4.3 and 2.3.5 of the MP) prohibiting the netting of Generating Unit output and Demand should be clarified as inapplicable to an MSS. TANC I Appendix A at 9.	Stakeholder process - Metered Subsystem
178.	The short review period should not affect an SC's rights to challenge improper billing after the conclusion of the billing period. Sections 11.6.1.2 and 11.7.2 should be revised. TANC I Appendix B at 3.	Stakeholder process - Settlements Improvement Project
190.	Tariff Amendment No. 4: Opposes elimination of capacity payments for Black Start Generators. DWR II at 5.	Stakeholder process - Ancillary Service Redesign
222.	Tariff Amendment No. 6: Guidelines to assure reasonable results for BEEP should be proposed including audit procedures. Motion to Intervene and Limited Protest of Pacific Gas and Electric Company to Amendment No. 6 to the ISO Operating Agreement and Tariff, Docket Nos. EC96-19-021 and ER96-1663-022, filed April 9, 1998, ("PG&E") at 4.	Stakeholder process - Ancillary Service Redesign
223.	Tariff Amendment No. 6: The consideration of Supplemental Energy and Ancillary Services bids should undergo stakeholder review after commencement of ISO operations. PG&E at 5-6.	Stakeholder process - Ancillary Service Redesign

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224.	<p>Tariff Amendment No. 6: ISO should expedite development of improved electronic transfers of Dispatch instructions to ensure more accurate dispatching instructions; the dispatch instructions should indicate whether the instruction is an emergency or out of market instruction. PG&E at 7.</p> <p>Section 2.2.14; 7.2.6; DP 4.1.2; 2.3.1.2.1; 2.5.6.2 - How does the ISO communicate with generators? How complete are 2.5.22.10 dispatch instructions? PG&E 8/5; BPA issue #19.</p> <p>Dispatch Protocol section 4.1.2: The provision states that the ISO will access all Ancillary Services by use of the telephone. This provision could hinder operations in the WSCC because the time necessary to make the calls in real time could exceed the time available. BPA I Table 3 at 3.</p>	Stakeholder process - Market Redesign
225.	<p>Tariff Amendment No. 6: When ISO does call on a Generating Unit, either directly or through SC, for Imbalance Energy or other resources support necessary to meet the ISO's real time requirements, the Settlement for Instructed Imbalance Energy, Tariff section 11.2.4.1.1, should apply rather than the Net Settlements for Uninstructed Imbalance Energy, Tariff section 11.2.4.1. PG&E at 8.</p>	Stakeholder process - Generator Roundtable
226.	<p>Tariff Amendment No. 6: There needs to be close coordination between the ISO, PX and other SCs on changes affecting settlements and billing to assure that all necessary information to complete and review settlements is available, and that adequate lead time to make necessary program changes is provided after changes and FERC orders. PG&E at 8-9.</p> <p>Adequate billing and settlement information must be made available on a timely basis. Edison's August 5, 1998 Protest to the ISO's Compliance Filing at 9-11. (ER96-1663-030; EC96-19-029)</p>	Stakeholder process - Settlement Improvement Project
246.	<p>The ISO should revise its software so that interruptible exports may also qualify as Spinning Reserves. Turlock 7/30/98 at 4.</p>	Stakeholder process - Ancillary Service Redesign

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265.	<p>Tariff Amendment 6. The ISO proposed to introduce changes with respect to the Neutrality Adjustment Charge (NAC). The additional charges that the ISO proposes to add to the NAC are zonal in nature and occur hourly. The ISO should revise the changes in the NAC to correct flaws in the calculations, publish an audit trail of each component of the NAC, and develop allocations per zone per hour per detailed charge. PX at 12-14.</p> <p>Tariff Amendment No. 6: The latitude in use of a neutrality adjustment should only be a temporary aspect of ISO operation. CPUC at 6.</p>	Stakeholder process - Settlement Improvement Project
357.	<p>The Self-Sufficiency Test must be modified to make it consistent with the Access Charge Methodology. EC96-19, et al., Comments of DWR, pp. 22-24, filed 09/02/1997.</p>	Stakeholder process - Transmission Access Charge Development
358.	<p>Clarification is needed on the procurement of voltage support and on how this service will be provided from both annual contracts and on a short term basis. EC96-19, et al., Comments of DWR, p. 32, filed 09/02/1997.</p>	Stakeholder process - Ancillary Service Redesign
376.	<p><u>Meter Data</u>. The forty-one day settlement cycle proposed by the ISO presents a significant problem for, and hardship on, Los Angeles' residential customers, since residential customers' meters are currently read on a 60-day cycle. Initial estimates indicate these additional costs could reach <u>\$8.3 million per year</u>. Los Angeles requests that the ISO revise its Tariff to accommodate Los Angeles' 60-day residential meter reading cycle. LADWP Comments in EC96-19-029 and ER96-1663-030.</p>	Stakeholder process - Settlement Improvement Project
388.	<p>Edison: Interruptible exports should be able to provide ancillary services. Section 5.4.1 of the ISO's ASRP Protocol identifies interruptible exports as a provider of Non-Spinning Reserves. The ISO should modify its software to implement this provision because the software currently does not permit interruptible exports to provide Ancillary Services. The ISO has failed to make a commitment to correct its software deficiency. September 8, 1998 Comments of Turlock Irrigation District (ER96-1663-036; EC96-19-035).</p>	Stakeholder process - Ancillary Service Redesign
400.	<p>Ancillary services should be allowed to compete with energy for the use of congested interzonal interfaces in the congestion management process. TURN/UCAN 8/15/98 protest in ER98-3760 at 10-11.</p>	Stakeholder process - Ancillary Service Redesign

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401.	Ancillary services bids should be evaluated on a simultaneous rather than a sequential basis. TURN/UCAN 8/15/98 protest in ER98-3760 at 13-14.	Stakeholder process - Ancillary Service Redesign
413.	Section 2.5.3.1 - ISO should have criteria and objectives for A/S quantities. PG&E 8/5 at 13.	Stakeholder process - Ancillary Service Redesign
417.	Section 2.5.23 - how does the ISO use 10 minute BEEP interval ? PG&E.	Stakeholder process - Ancillary Service Redesign
418.	How does the BEEP or price reflect out of market? Clarify that imbalance energy for interruptible imports is an out of sequence request. PG&E 8/5 at 17.	Stakeholder process - Ancillary Service Redesign
424.	Section 11.5 - ISO sometimes uses estimated data for settlements. Provide process to review such settlements. PG&E 8/5 at 22.	Stakeholder process - Settlement Improvement Project
490.	By not strictly enforcing the requirement that scheduling coordinators balance their portfolios and provide accurate forecasts, the ISO's tariff incents gaming, and instability in the ISO's ancillary services markets, and imposes substantial costs on other scheduling coordinators. Enron III at 21.	Stakeholder process - Market Redesign
545.	To the extent that the Wheeling Access Charge is to be applied to services other than Wheeling Out or Wheeling Through (i.e., also applied to "a Non-PTO load to serve a municipality" as described on the ISO Homepage), the ISO Tariff should be amended, consistent with 18 CFR Part 35 requirements, to clearly specify the rate and its applicability. EC96-19-029 & ER96-1663-030, Comments and Protest of DWR, filed 08/05/1998; EC96-19-029 & ER96-1663-030 Motion of DWR to Supplement the Record, filed 09/18/1998.	Stakeholder process - Access Charge

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559.	<p>Allow imports and exports to set incremental/decremental prices at interties. The current ISO software apparently does not permit instructed deviations at interties to set the ten minute inc. and dec. market clearing prices when there is real-time congestion. This introduces market inefficiencies because market participants do not always see the true value of their transactions. For example, if there is real-time North to South congestion on the Pacific Intertie and a supplier in NP-15 has a competitive inc. and a supplier at NW1 has submitted a competitive supplemental dec. bid, real-time prices should rise in NP-15 and drop at NW1 based on BEEP exercising these two bids (i.e., instructed deviations). What happens today in these situations is unclear but we have never seen a real-time price at an intertie point different from the zone to which the intertie point is connected. Necessarily, then, market participants are not seeing efficient prices and some market participants are subsidizing other market participants. It is unclear, for example, whether this creates a bias for entities outside the control area to move their transactions from day-ahead into the real-time market to avoid the consequences of congestion, or if it creates a bias in the opposite direction. The ability to set unique real-time prices at interties is especially important as ancillary service imports from out of the control area increase in volume. Such capacity imports will presumably expand the size of the ISO's BEEP stack and increase the probability that the ISO will encounter real-time congestion between an intertie point and the zone to which the intertie point is connected. SDG&E</p>	Stakeholder process - Market Redesign
583.	<p>Section 2.2.11.3.3: For purposes of a Schedule, a "Zone" is the Zone in which Energy is deemed to be provided by one Scheduling Coordinator to another under an Inter-Scheduling Coordinator Trade. In its compliance filing, the ISO has eliminated the term "Ancillary Services" from the definition. By deleting this term, it appears that ISO will now prohibit market participants from scheduling Ancillary Services across Zones. In order to foster the development of a liquid market in Ancillary Services, transfers of Ancillary Services from one Scheduling Coordinator to another across Zones should be permitted. If the ISO's software cannot accomplish this, then the ISO should be required to modify its software accordingly. EI compliance filing protest at 9.</p>	Stakeholder process - Ancillary Service Redesign

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605.	<p>Self provision of ancillary services. There still exists several restrictions on the self-provision of Ancillary Services. First, the ISO will not permit a market participant to both self-provide Ancillary Services and bid any remaining generation available for Ancillary Services from the same unit. Rather than a strict prohibition in the Tariff, however, this appears to be a limitation of the ISO's software. Second, the ISO prohibits Scheduling Coordinators from selling Ancillary Services to other Scheduling Coordinators inside the California ISO grid and to others outside the California ISO grid. Again, in order to promote competition in the Ancillary Services market, such Ancillary Service trades should be permitted.</p> <p>ECI compliance filing protest at 18-19.</p>	Stakeholder process - Ancillary Service Redesign
606.	<p>ASRP 5.1.2 provides that Spinning Reserves and Regulation may be provided as separate services from the same Generating Unit. ECI supports this flexibility, but it appears to be inconsistent (or at least has been with the ISO's practice) with the sequential bid process included in ISO Tariff, Section 2.5.13. The ISO should modify its Tariff to permit market participants to bid for multiple Ancillary Services from the same Generating Unit. ECI compliance filing protest at 19-20.</p>	Stakeholder process - Ancillary Service Redesign
627.	<p>SP 9.1: Subsection (g) prohibits a specific resource from both bidding and self-providing a specific Ancillary Service in the same Settlement Period. This is an undue constraint on the marketplace and is another example of the ISO's software dictating the structure of the market, rather than the reverse. The ISO should amend this provision to allow a specific resource to both bid and self-provide a specific Ancillary Service in the same Settlement Period and to make any appropriate software changes. ECI compliance filing protest at 29.</p>	Stakeholder process - Ancillary Service Redesign
628.	<p>SP 9.2(b) : The subsection provides for a Scheduling Coordinator to specify different reserve prices and different Energy prices for each Ancillary Service it bids, and to bid the same resource capacity into any one or all of the Ancillary Service markets it desires. In reality, although market participants' desire for such differentiated bids is there, the ISO software is not. As with Section SP 9.1 above, the inability of market participants to engage in such transactions in accordance with this provision results in an undue constraint on the marketplace and is another example of the ISO's software dictating the structure of the market, rather than the reverse. ECI compliance filing protest at 29-30.</p>	Stakeholder process - Ancillary Service Redesign

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654.	Section 5.7.3 of the ISO Tariff should specifically provide for compensation to Parties providing Critical Protective Systems. Metropolitan 12/1 Rehearing Request at 18-20.	Stakeholder process - Market Redesign
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