

Comments on CAISO's Commitment Cost Enhancements Phase 3 Workshops

August 10, 2016

CAISO held two workshops (June 15 and July 27, 2016) to discuss Stakeholder concerns that remain regarding the Commitment Cost Enhancements Phase 3 (CCE Ph3) proposed policy prior to tariff development. In March, the BOG directed CAISO management/staff to continue to work with stakeholders to try and resolve these issues. California Department of Water Resources State Water Project (CDWR) appreciates the opportunity to submit comments.

Comments:

CDWR appreciates CAISO's acknowledgement that the implementation of Reliability Services Initiative Phase 1 (RSI Ph1) and CCE Ph3 are closely linked and that requirements under RSI Ph1 and its new Use Limited Plan Data Template (ULPDT) pose challenges to atypical resources.

In their *CCE3 July 27th Workshop Issues Matrix and Next Steps*, CAISO requested Stakeholder feedback with question number 5 asking, "Can all limitations be captured by the types and granularities noted at the workshop?" CDWR believes that is not possible with the current version of the ULPDT and the current CCE Ph3 details.

Due to CDWR's unique system of hydro resources, use limits are not easily defined when they are impacted by regulatory requirements such as water temperature for aquatic species or salinity levels determined by coordinated dam releases between Federal, State, and other entities. CAISO indicated that the option to select "OTHER" in the template fields was available, but could not explain the treatment of such resources either for RA compliance/RAAIM or settlement purposes. For CCE Ph3 purposes this also signals the CAISO systems to look for a Negotiated Opportunity Cost, which has yet to be developed under CCE Ph3. These unknowns make CCE Ph3's proposal to eliminate default Use-Limited status and subject CDWR's resources to a yet undefined metric or suitable requirement untenable.

Since the ULDPT is intended to be the CAISO's method for registering resources as Use-Limited, but does not provide viable options for CDWR's resources, the CCE3 Ph3 proposal to eliminate default Use-Limited status is pre-mature.

CDWR requests that CAISO retain the default Use-Limited Resource status for those hydro-resources and Participating Load (PL) resources for which limitations cannot be easily or effectively quantified in a negotiated opportunity cost. CAISO's proposal

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continues to lack details regarding negotiated opportunity costs and even with the “safety net” of the use-limited reached outage cards, the development of opportunity costs is likely to be very challenging and may be impossible.