Stakeholder Comments Template

Subject: Reliability Services

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the Second Revised Draft Straw Proposal for the Reliability Services initiative that was posted on October 22, 2014. Upon completion of this template please submit it to RSA@caiso.com. Submissions are requested by close of business on **November 19, 2014**.

1. Please provide feedback on Part 1: Minimum eligibility criteria and must-offer rules.

   The proposal requires MSS load-following LSE's to provide flexible capacity to address resources not in load following portfolio. CDWR supports this as this follows cost causation.

2. Please provide feedback on Part 2: Availability Incentive Mechanism.

   AIM availability measurement will be based on a submitted "bid"; Bid should include both self-schedule, economic bid and ancillary service (A/S) self-provision also. For a resource that is subject to both energy bid as well as ancillary service (A/S) bid must offer, which bid will be used for AIM assessment? Both energy and A/S or higher of either one? In the case of a use limited resource (such as a hydro generator) for which A/S must offer is exempt for generic RA and flexible RA, will the assessment of the bid consider the higher of the energy bid or the voluntary A/S bid; or the energy bid plus the additional ancillary service bid up to the RA capacity. The measurement should be based on energy or ancillary service bid or combination of both for use limited resources such as hydro.

   DWR appreciates ISO's consideration of the Participating Load (PL) AIM assessment subject to the day-ahead A/S schedule which depends on the day-ahead demand; the revised proposal states:

   > "Unlike traditional capacity, pumping load must have a DA AS schedule in order to produce energy in the real-time. The ISO will only assess pumping load under the availability incentive mechanism if there is pumping load available. During

the periods when there is no available load in the real-time, the ISO will exempt the capacity from the incentive mechanism in that interval".

This will ensure a PL resource can effectively and efficiently provide resource adequacy (RA) capacity based on the existing PL functionality and Local CDWR's Regulatory Authority (LRA) criteria.

The RA Must Offer Obligation (MOO) for Participating Load should be clarified and made consistent with the Participating Load Agreement. Pursuant to the recent restatement of the CDWR Participating Load Agreement (PLA), Participating Load can provide only non-spin (no energy) in the IFM to satisfy resource adequacy obligation because of the model limitation and can provide energy bid in the real time. Therefore, the MOO requirement for this resource should reflect this specific provision. Additionally, the Participating Load (pumping load) and hydro resources MOO should reflect the fact that ULRs are not subject to ancillary services (A/S) MOO, in contrast to the non-ULRs which are subject to A/S MOO also.
Moreover, the current tariff ***(Tariff § 40.6.4.3.2)*** requires certain RA resources including Pumping Loads (participating load) to bid or self-schedule "for their ***expected available Energy*** ***or*** *their* ***expected as-available Energy."*** The difference between "available Energy" and "as-available Energy" should be clarified or the terms should be defined.

ISO proposes to exempt grandfathered resources under following conditions: Capacity must be under a resource specific contract that existed prior to June 28, 2009 AND Scheduling coordinator must ask for exemption and demonstrate the contract either (1) has penalties for nonperformance or (2) does not have a reopener clause due to ISO market design changes. DWR believes there is no need to re-certify unchanged grandfathered contracts every year; where the Scheduling Coordinator lists the same grandfathered contract each year that should serve as notice that the contract is unchanged. Annual certification, and a requirement to obtain statements from the generation owner, adds unnecessary process and paperwork.

3. Please provide feedback on Part 3: Replacement and Substitution.

CDWR appreciates the CAISO effort in making changes to simplify the complex replacement and substitution requirements.

CDWR-SWP supports revisiting the "same bus" requirement for real time substitution of a local RA resource. ISO should be flexible enough to allow substitution by the same local area resource in real time also, or system resource if such substitution improves the grid reliability.

Operationally Available" meaning should be limited to a generating unit's capacity not on a "planned outage" or "forced outage" if known at the time of RA capacity commitment.

Replacement and substitution should apply only to those resources that are required to report forced outages and planned outages. A participating load (PL) resource is not

subject to report forced outages and planned outages in the same as way as a generator. Therefore, a PL resource should not be required to replace or substitute as there are no such outages (that are applicable to a generator) associated with a PL. The AIM calculation model for PL addresses this in availability calculation by excluding those hours when no load exists.

ISO should clarify instances how outages beyond the control of a generating resource such as transmission outages would impact replacement requirements.

DWR-SWP supports the proposal to allow a system RA resource to replace or substitute a local resource if the local resource is designated as a system RA resource. CDWR believes, however, that such local resources designated as system RA resources should be counted towards satisfying the CAISO local collective deficiency check. A local resource contributes to local capacity regardless of whether the resource is designated as a local or a system RA. If CAISO only counts local RA resources towards the local collective deficiency check, it might find a deficiency even if there are sufficient resources available to meet the local need, just because some of those resources happen to be designated as system RA. Therefore, local collective deficiency check should include all local capacity irrespective of local or system designation.

DWR-SWP supports the proposal that the resource for replacement or substitution should be released once the outage is cancelled or moved.

Proposal on outage timeline and responsibilities: The ISO proposes to assess backstop requirement at T-30, execute backstop by T-25, and lock down the monthly RA plan at T-25. There will be no backstop procurement for outages after T-25. If a capacity resource without substitution has a forced outage or a denied planned outage request after T-25, it will be subject to availability incentive mechanism (AIM) penalty. Substitution after T-25 falls into supplier's responsibility. It may reduce the complexity of existing replacement requirement. CDWR-SWP is concerned that suppliers may choose not to provide substitute capacity if the price of substitute capacity procurement is higher than the AIM price. If suppliers do not make substitutions for planned outage and forced outages after T-20, there is a risk that ISO will fall short of capacity requirements and could be forced to resort to exceptional dispatches thereby causing higher costs to all market participants including those who did not cause shortfall in capacity. Therefore, CDWR-SWP urges CAISO to consider the impact of not having a backstop mechanism after T-20, and clarify what steps it will take in those situations to address capacity shortfalls for reliability. Moreover, allowing suppliers to provide non-specified replacements after T-20 would provide suppliers more flexibility.

4. Please provide feedback on the proposed Phase II of the RSI.

No comments at this time.