

CDWR Comments on Reliability Services

09/16 Working Group Meeting

September 24, 2014

California Department of Water Resources State Water Project (CDWR-SWP) appreciates the opportunity to provide its comments to CAISO on Reliability Services Working Group meeting held on September 16, 2014. CDWR respectfully submits the following comments:

- 1) CDWR-SWP appreciates the CAISO effort in making changes to simplify the complex replacement and substitution requirements.
- 2) “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.
- 3) ISO should clarify instances how outages beyond the control of a generating resource such as transmission outages would impact replacement requirements.
- 4) CDWR-SWP supports the idea that LSEs should be able to bring designated resource between T-45 and T-11. This would provide LSE more flexibility in designating resources prior to the actual compliance month.
- 5) CDWR-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-SWP believes, however, that such local resources designated as system RA resources should be counted towards satisfying CAISO local collective deficiency check. A local resource contributes to local capacity regardless of whether the resource is designated as local or 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.
- 6) 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.
- 7) CDWR-SWP supports the proposal that the resource for replacement or substitution should be released once the outage is cancelled or moved.
- 8) 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.

Apart from these comments, CDWR-SWP maintains its position on the comments submitted earlier on revised straw proposal.

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