

Stakeholder Comments Template

Subject: Reliability Services

Submitted by	Company	Date Submitted
<i>Dr. Barbara R. Barkovich, Barkovich & Yap, Inc., Consultants to CLECA</i>	<i>California Large Energy Consumers Association (CLECA)</i>	<i>November 19, 2014</i>

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.

CLECA's comments focus on the minimum eligibility criteria and must-offer rules for Proxy Demand Resources (PDR). The proposed minimum availability criteria on page 18 for PDR are clear. Please confirm that for system and local RA, the must offer obligation (MOO) applies to the 5 peak hours on non-holiday weekdays.

What is not clear is the discussion of the participation of PDR in RUC on page 25. The second revised proposal says on page 27 that PDR that does not receive a day-ahead award in the IFM is put into RUC at a zero offer price. It will then be considered in RUC in competition with other resources that have start-up and no-load costs, whereas PDR does not. This would mean that PDR could be selected over these other resources for at least an advisory dispatch simply because it lacks those costs. The reference on page 25 to treating the notification time as part of the start-up time implies in error that there are start-up and no-load costs for PDR. Since PDR is a use-limited resource, this is not a logical outcome. Either PDR has to have a mechanism to provide opportunity costs for dispatch on a par with start-up and no-load costs, or there must be some other adjustment made.

The discussion also refers to short- and medium start vs. long-start PDR. Nowhere are these terms defined. The only definitions in the tariff are for generation. There are DR resources with day-ahead notice provisions for participants. Clearly these resources cannot participate in RUC and be dispatched in the real-time market. We assume that this is why page 27 says that "long-start" PDR resources do not require RUC availability bids. Further definition of these terms and the requirements is needed.

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

CLECA seeks clarification of the relevance of the AIM to use-limited resources like PDR. Please clarify that our understanding of the following is correct: If the AIM for PDR is based on offering into the day-ahead market, if it is offered in between 94.5% and 98.5% of the time, it would meet its availability requirements. If it is offered in 100% of the time, it would be entitled to an incentive payment. If it takes an outage as a non-environmental use-limited resource, while it is on outage it would be exempt from the AIM calculation.

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

No comments.

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

CLECA agrees that creating a more durable construct for flexible RA should be a priority for Phase 2.