Comments on Reliability Services Initiative After December 10 Call

Submitted by	Company	Date Submitted
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CLECA provides input on a limited set of the issues raised in this initiative. Our major concern is the continued lack of clarity around how the proposals in the Reliability Services Initiative (RSI) for use-limited resources apply to Proxy Demand Response (PDR). This lack of clarity poses real implementation challenges and should be addressed.

1. RAAIM Price and Allocation

CLECA does not object to the revision in the RAAIM price. However, if it is to be tied to the soft offer cap under the CPM Replacement Initiative, rather than bilateral market prices, it will be important to compare any future updates to the soft offer cap to bilateral market prices to be sure that they do not diverge.

As for the proposal that if a supplier on forced outage does not provide replacement, causing a CPM designation, it should have to pay more than the RAIIM, we support tracking whether such occurrences do occur for the first year or two of implementation. If they do, then the CAISO should convene a stakeholder process to discuss how to make the determination that a CPM designation was caused by a forced outage, and, if so, what the supplier should pay. We share SCE's concern that a scheduling coordinator would be penalized but has limited ability to account for the supplier's actions.

2. Use-Limited Resources

CLECA is concerned by the staff proposal's conclusion that "short-start" PDR must participate in RUC; the staff proposal wrongly dismisses the significance of the issue that "short-start" PDR will be very likely to given an advisory dispatch in RUC because it is deemed to have no commitment costs, unlike generation. This RUC dispatch then is likely to be reversed in the real time market due to the PDR's offer price. Neither the proposal not the commitment cost initiative address the implications of:

1) assuming PDR has no commitment costs,

2) assuming that there will be no issues with advisory dispatches under RUC being unwound in the real time market, given that end-use customers provide PDR, not generators,

3) real-time dispatch requirements on a 5-minute basis which will not always work for PDR, or

4) the need for PDR dispatch to be no more than once a day for contiguous periods of time.

CLECA does not oppose the participation of short-start PDR in RUC per se, but the CAISO should not require such participation until these matters are addressed. Otherwise, the implementation issues may impede participation of PDR in the real time markets.

3. Use of Outage Tickets When PDR Meets Operating Limits

The RSI proposes that once a PDR has met its operating limits of three days in a row and four hours each day of dispatch, it can submit an outage ticket for some period of time. However, given the nature of the resource, which is end use customers adjusting their load, the duration of the outage ticket must be addressed. The PDR obligation is 24 hours per month. After 12 hours of operation, customers are likely to want more than a day or two of outage before being required to be available again. If the proposal is that an outage ticket can only be for 24-48 hours, this could result in customers being called on for 6 out of 8 or 10 days. Depending on the nature of the load, customers are likely to perceive this as burdensome, and may decline to participate in DR qualifying as PDR with short notification periods.