

Stakeholder Process: Regulatory Must-Take Scheduling Priority

Summary of Submitted Comments

Stakeholders submitted four rounds of written comments to the ISO on the following dates:

- Round One, 1/13/2011
- Round Two, 2/14/2011
- Round Three, 1/25/2012
- Round Four, 2/14/2012

This matrix summarizes the most recently submitted stakeholder comments.

Stakeholder comments are posted at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/Regulatory-Generation.aspx>

Other stakeholder efforts include:

- Stakeholder Conference Call: December 22, 2010
- Stakeholder Conference Call: February 2, 2011
- Stakeholder Conference Call: January 17, 2012
- Stakeholder Conference Call: February 6, 2012
- Stakeholder Conference Call: March 1, 2012
- IOU & CHP Meeting: April 17, 2012

Management Proposal	Wellhead	Investor Owned Utilities	Combined Heat and Power Parties	CalWEA	IEP	Management Response
Amend "Regulatory Must-Take Generation" Definition to limit qualifying facility eligibility to qualifying facilities with PURPA contracts but to allow combined heat and power resources to be eligible	Supports	Support a much narrower combined heat and power eligibility limited to combined heat and power resources entering into pro forma contracts established in the modified CPUC global settlement. IOUs express concern that we are expanding the scope of resources eligible for higher scheduling priority and thereby reducing flexible capacity.	Supports	Proposal fails to deal with other qualifying facility resources that have had 100% regulatory must-take status such as wind	Supports	<p>Management believes the IOUs' proposed definition is too narrow. Management's proposal is intended to be generally applicable to combined heat and power resources to protect that portion of the capacity that is physically not dispatchable. Management's position is that capacity dedicated to an industrial process is effectively non-dispatchable and the ISO is better off operationally to model the capacity as less dispatchable than capacity that is not dedicated to an industrial host. At the same time the ISO is trying to ensure that the capacity not used by the host is dispatchable and made available to the ISO market.</p> <p>With respect to wind resources, Management does not propose to continue to allow regulatory must-take scheduling priority after termination of PURPA power purchase agreements for qualifying facilities that are not combined heat and power resources. In addition, with respect to wind, existing participating intermittent resource program applies and existing stakeholder processes exist dedicated to renewables and renewable integration.</p>
Definition of maximum limit on regulatory	Supports					Management proposes to establish an upper threshold of RMTmax based on the needs of the industrial

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must-take scheduling priority (RMTmax) as the amount of capacity needed to meet industrial host requirements		IOUs appear to support proposed definition, although argue allowing a single RMTmax value for all 24 hours may limit their flexibility. For example, PG&E has requested creating two RMTmax values, one for on-peak hours and a second for off-peak hours.	Supports		Supports	host. In response to PG&E's concerns, Management modified the proposal to allow for two RMTmax values, one for peak and one for off-peak hours.
Daily hourly regulatory must-take schedules should reflect actual requirements even if below RMTmax	Supports	Agrees but supports greater flexibility concerning how capacity is scheduled	Supports but proposes tariff requirement that requires scheduling coordinator to schedule regulatory must-take values as directed by the combined heat and power resource.		Supports	Management agrees that combined heat and power resources should dictate regulatory must-take self-schedule requirements and that the capacity should be scheduled with the self-schedule priority subject to any contractual rights between the combined heat and power resource and the IOU/SC. The capacity not used for higher scheduling priority should be made available to the ISO consistent with resource adequacy must offer obligations. For combined heat and power resources that apply for and qualify as use-limited resource adequacy resources, their use limitation plan will dictate availability.

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Standard capacity product treatment applies but grandfathered qualifying facilities exempted from reporting and penalties	Supports	Does not oppose	Does not oppose		Does not oppose	
Allow combined heat and power resources to apply for use-limited status	Supports	Does not oppose	Supports		Supports	
Establishing the amount of regulatory must-take as agreed upon or as determined by a mutually agreed upon engineer		Agrees but asserts that initial value should be zero until amount agreed upon or established per independent engineer.				<p>Based on the current tariff, regulatory must-take status is lost at termination of PURPA contracts. So current tariff default would be zero regulatory must-take capacity and new values for RMTmax will not be in effect until the effective date of the tariff amendment.</p> <p>Management proposes that once a default value is established, this would be the default value until changed. Management proposes that this value be reestablished annually. This means that if there is any dispute, the prior year's value would remain in place during the time period required to engage an</p>

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						independent engineer in case parties fail to agree on the value.
Annual establishment of RMTmax values and annual submission of non-binding indicative regulatory must-take usage profile		Agree	Propose a three year review		Expressed concerns about unpredictability of annual host requirements	Management believes that a one year review is reasonable compromise. Management also believes it is reasonable to request non-binding information on anticipated yearly scheduling of regulatory must-take capacity based on information known or anticipated at the time of submission subject to the understanding that the information is subject to change.