

# Comments of Pacific Gas and Electric Company

## *Reliability Services Initiative – Draft Tariff Language*

Submitted by	Company	Date Submitted
Jordan Parrillo (415) 973-3631	PG&E	04/24/15

Pacific Gas and Electric Company (PG&E) offers the following comments on the California Independent System Operator’s (CAISO) Reliability Services Initiative (RSI) April 16, 2015 Draft Tariff Language. PG&E’s comments are divided into three sections:

- “Substantive Concerns” identifies elements of the proposed Tariff that diverge from the February 27, 2015 RSI Addendum to the Draft Final Proposal (RSI Proposal);
- “Requests for Clarification” indicates elements of the proposed Tariff that are unclear; and
- “Small Inaccuracies” identifies minor typographical errors and inaccurate Tariff section references.

We look forward to discussing PG&E’s concerns and clarification requests on the stakeholder call scheduled for April 30, 2015.

### 1. Substantive Concerns

- a. The proposed tariff language should address RAAIM treatment of outages that an RA resource requests prior to submitting its monthly supply plan (i.e. more than forty-five days in advance of the RA month).**

The proposed tariff language in Sections 40.9.3.4(b) and 40.9.3.4(c) addresses treatment under RAAIM of outages that an RA resource requests after submitting its monthly supply plan. The proposed tariff language does not address RAAIM treatment of outages that an RA resource requests prior to submitting its monthly supply plan (i.e. more than forty-five days in advance of the RA month). Proposed tariff language should be included to address RAAIM treatment of these outages.

- b. The proposed tariff language in Sections 40.9.2.1(a)(2) and 40.9.2.1(a)(3) regarding RAAIM exemptions for Acquired Resources should be modified to accurately reflect the RSI Proposal.**

In the RSI Proposal, the CAISO proposes to exempt acquired resources from the generic RAAIM under the following conditions:

- Capacity must be under a resource specific contract that existed prior to June 28th, 2009, AND

- The scheduling coordinator for the capacity must specifically seek an exemption each year and demonstrate to the ISO that the resource's RA contract:
  - Includes penalties for nonperformance, or
  - Does not have a reopener clause due to ISO market design changes.

The proposed tariff language in Sections 40.9.2.1(a)(2) and 40.9.2.1(a)(3) does not accurately reflect the RSI Proposal. The proposed tariff language indicates that an acquired resource's RA contract must include a penalty for nonperformance and does not contain a provision that allows the contract to be modified for regulatory changes. The first inconsistency is that in the proposed tariff language an acquired resource's RA contract must include both provisions to be exempt from the RAIM instead of either provision as proposed in the RSI Proposal. The second inconsistency is that in the proposed tariff language an acquired resource's RA contract must not contain a provision that allows the contract to be modified for regulatory changes, which is different than due to market design changes as proposed in the RSI Proposal. The proposed tariff language should be modified to accurately reflect the RSI Proposal.

## 2. Requests for Clarification

- a. The CAISO should clarify whether Resource Adequacy Variable Energy Resources are included in the Residual Unit Commitment exemptions under Section 40.6.4.3.2.**

The proposed tariff language in Section 40.6.4.3.2 exempts hydroelectric generating units, pumping load, reliability demand response resources, non-dispatchable use-limited resources, and resource adequacy (RA) resources providing regulatory must-take capacity from the requirement to submit residual unit commitment (RUC) availability bids. It is unclear whether RA Variable Energy Resources (VERs) are also exempt from RUC. In the RSI Proposal, the CAISO proposes new policy rules for RA resources to account for the new use-limited definition in the Commitment Cost Enhancements Phase 2 initiative. Specifically, the CAISO proposes to revise RA rules to maintain exemptions for resources previously exempt under the previous use-limited definition, but will no longer be exempt after implementation of the new policy. The CAISO should clarify whether RA VERs fit under this category and will also be exempt from RUC.

- b. The CAISO should clarify whether storage resources that are not considered non-generator resources are included in the bid insertion exemptions under Section 40.6.8(e) and Residual Unit Commitment exemptions under Section 40.6.4.3.2.**

The proposed tariff language in Section 40.6.8(e) exempts non-generator resources (NGRs) from bid insertion in the Day-Ahead Market or Real-Time

Market, and the proposed tariff language in Section 40.6.4.3.2 exempts hydroelectric generating units, pumping load, reliability demand resources, non-dispatchable use-limited resources, and resource adequacy (RA) resource providing regulatory must-take capacity from RUC availability requirements. It is unclear whether all other storage resources are exempt from bid insertion and RUC requirements. While the CAISO contemplates storage resources such as participating load or pumped storage, which are already deemed use-limited and thus exempt from bid insertion, the CAISO does not consider other storage resources such as compressed air energy storage (CAES) resources. The CAISO should clarify whether other storage resources that are not considered non-generator resources are exempt from bid insertion and RUC requirements.

- c. **The term “physically available” in Sections 40.6.1.1(b) and 40.6.4.3.5 should be consistent with the existing Tariff language of “physically capable of operating”.**

The existing tariff uses the term “physically capable of operating” in Section 40.6.1 on Day-Ahead availability. However, the proposed tariff language in Sections 40.6.1.1(b) and 40.6.4.3.5 uses the term “physically available”. The CAISO should replace the term “physically available” in the proposed tariff language with “physically capable of operating” in order to maintain consistency.

### 3. Small Inaccuracies

- **Section 40.2.1.1(f) should be deleted.**
- **The language in Sections 40.6.1.1(c) and 40.6.2(f) is redundant with the language in Tariff Section 40.6.1(2).**
- **The reference in Section 40.8.1.15(a) should refer to Section 40.6 (not 4.6).**
- **The Section reference is missing at the end of the clause in Section 40.9.3.6.2(e).**
- **Section 40.9.4(a)(2) is missing the word “the” in “to *the* extent”.**
- **The Section reference is missing at the end of the clause in Section 40.9.6.1(b).**