



## Comments of Pacific Gas & Electric Company

### Black Start and System Restoration Phase 2 – Straw Proposal

Submitted by	Company	Date Submitted
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Pacific Gas and Electric Company (PG&E) offers the following comments on the California Independent System Operator's (CAISO) Black Start and System Restoration Phase 2 Straw Proposal.

### **Straw Proposal**

1. Please comment on the RFP six step procurement process identified in the straw proposal for incremental black start resources.

PG&E asks the CAISO to revise its six step procurement process to specify that the CAISO would assess the selection criteria to establish which bids comply with the objective of reducing restoration time. PG&E believes that this approach, with the affected PTO providing a consulting role to help evaluate whether different resources can provide the restoration needs, will assure a more independent procurement process.

During the February 21st stakeholder call, WPTF described its potential concerns if the affected PTO were to also attempt to participate in the procurement process as a potential supplier of Black Start. As discussed during the stakeholder call, PG&E takes these concerns very seriously and has several protocols in place (commonly referred to as firewalls) to restrict the sharing of information between various internal groups within PG&E. For example, PG&E established Codes of Conduct for recent procurement solicitations for energy storage resources. PG&E would envision a similar structure between transmission operations providing consulting services to the CAISO and the groups within PG&E that could potentially bid in resources to provide black start services.

2. Please comment on the ISO's proposal for compensation and cost allocation. Specifically, on whether the use of a transmission owner's reliability services rate schedule is an appropriate cost recovery vehicle.

PG&E agrees with the CAISO's proposal to use the reliability services rate schedule as the cost recovery vehicle for incremental black start capability. PG&E will need to revise its relevant TO tariff to fairly allocate costs to all benefiting customers, including wholesale customers. In its Draft Final Proposal and the relevant CAISO FERC filing for procuring black start capability, PG&E asks the CAISO to specify that it will support affected PTOs revising their TO tariffs in this manner.

3. Please comment on the categories of costs the ISO should consider in connection with procuring incremental black start capability.

PG&E supports specifying particular categories of costs so that an enhanced pro forma black start agreement can be developed. PG&E looks forward to the opinions of other stakeholder comments on this topic.

4. Please comment on the appropriate term for any contract to secure additional black start capability.

PG&E appreciates the CAISO's identification of the term length as an issue needing to be addressed in this initiative. PG&E understands that requiring a generator to provide uneconomic energy and capacity in an existing facility solely to facilitate providing incremental black start service is not a sustainable solution. PG&E asks the CAISO to consider a few possible solutions to address this issue. PG&E is interested to hear other stakeholder solutions, however we would object to LSEs being forced to sign long term RA contracts with existing facilities in order to ensure the incremental black start capability is maintained.

- 1) Bidder Provides Term Length

The CAISO could ask each bidder to specify the term length of its bid in number of years and CAISO would give a preference for longer term lengths in its selection process. A longer term length would provide greater certainty to the CAISO and could be valued higher compared to competing bids as a result.

- 2) Develop a New Selection Criterion: Proximity to Multiple Resources

The CAISO could develop a selection criterion that would quantify the proximity of the black start resource to numerous power plants with similar station load characteristics. The purpose of this selection criterion would be to minimize the impact of a single resource retiring, including the resource on the same site as the black start generator. Along with this selection criteria approach, the CAISO could create a process to work with bidders to determine the potential for increasing the MWs associated with the black start resource in order to ensure that the black start resource is properly sized to sufficiently restore nearby facilities.

- 3) Current RMR Approach

The current annual approach that is used for RMR contracting under the CAISO Tariff<sup>1</sup> should be considered. PG&E would agree that this solution is not ideal.

5. Please also comment on whether any selection criteria should assess the likelihood that a resource will operate for the duration of the black start agreement.

PG&E believes it is very important for the CAISO to assess the likelihood that a resource will operate for the duration of the black start agreement. If the black start resource does not operate for the duration of the agreement, then the investment to procure the incremental black start service is lost and the service would need to be replaced with a new investment. As discussed above, CAISO should examine the certainty the resource is providing to provide black start over multiple years and evaluate alternative solutions to ensure that the Black Start service can be used to restore multiple resources if the adjacent resource retires. PG&E looks forward to the opinions of other stakeholder comments on this topic.

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<sup>1</sup> [http://www.caiso.com/Documents/AppendixG\\_ProFormaReliabilityMustRunContract\\_May1\\_2014.pdf](http://www.caiso.com/Documents/AppendixG_ProFormaReliabilityMustRunContract_May1_2014.pdf). See Section 2.1 on p. 14.