



Comments of Pacific Gas & Electric Company

Reliability Services Initiative Phase 2 – 2nd Revised Draft Final 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) Reliability Services Initiative Phase 2 (RSI2) Second Revised Draft Final Proposal.

1. Forced outage substitute capacity for RA resources capacity in local capacity areas. Please state if you support (please list any conditions), oppose, or have no comment on the proposal.

PG&E opposes the CAISO's proposal to change its tariff to reflect an ability for resources in local capacity areas to only sell its system RA attribute and only be required to substitute a system-only RA resource to avoid RAIM penalties. PG&E continues to oppose this aspect of CAISO's proposal due to its unnecessary implementation costs, the confusion it has caused, and unintended consequences to reliability. The CAISO has been unable to address many of PG&E's concerns.

PG&E requests successful implementation of RSI Phase 1A and the CPM Replacement before seeking Board approval of the RSI Phase 2 Proposal. The CAISO implementation of the RSI Phase 1A and CPM Replacement initiatives has suffered from numerous software issues. These issues have resulted in five repetitive market simulations and, so far, an eight-month delay in the go-live date. The CAISO has not even begun to implement RSI Phase 1B, as the CAISO has yet to seek FERC approval for this phase of the initiative. It is clear to PG&E that the CAISO's Customer Interface for Resource Adequacy (CIRA) will be changing for RSI Phase 1B and likely will change for Regional RA. The implementation of these initiatives exact significant costs on the CAISO staff and market participants that must test these changes. These software impacts have not been addressed in the RSI2 initiative.

The proposal as it stands today continues to suffer from a confusing approach to addressing the problem identified. Separating the characteristics of the RA filing from the CPM assessment, which, for the LSE, is the purpose of the CAISO filing, is likely to lead to significant confusion. The proposal does not offer a clear link from the procurement, to the RA filing, to the substitution requirement, to the CPM assessment. All of these activities are interlinked, and to attempt to change one aspect without modifying the other aspects will cause procurement challenges, filing problems, and increases the likelihood of contract disputes if supply plans and LSE plans differ.

PG&E asks the CAISO to delay this initiative in order to allow market participants to propose solutions that more directly address the issue of local resources procured in excess of a Local RA requirement nevertheless being required to provide local RA substitution. PG&E also asks that the CAISO fully consider the unintended consequences associated with its current proposal before moving forward to the Board of Governors in October.

2. Process to update Effective Flexible Capacity (EFC) list during the year. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

PG&E supports the CAISO's proposed approach to update EFC lists during the year.

3. RA showing tracking and notification. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

PG&E supports the CAISO's proposed approach to RA showing tracking and notification.

4. RA showing requirements for small LSEs. *Please state if you support (please list any conditions), oppose, or have no comment on the proposal.*

PG&E supports the CAISO's proposed approach to RA showing requirements for small LSEs.

5. Other.

As part of the draft EFC list review and comment period, PG&E requests that the CAISO adjust its tariff language to change the due date from a defined date of September 1 to language that is consistent with the draft NQC list process¹. Based on CAISO responses to stakeholder feedback in its most recent proposal, PG&E would like to clarify that our request to adjust the timeline for EFC review does not relate to the EFC update process during the year. PG&E believes that the current tariff's date-defined deadline of September 1 unfairly prejudices and hampers PG&E (and other scheduling coordinators) in our efforts to comply with the RA program. For both the 2016 and 2017 listings, scheduling coordinators were given only 1 and 2 days, respectively, to provide comments. PG&E proposes that the change occur beginning with the 2018 compliance year or as part of the RSI2 implementation.

¹ The Current NQC List tariff language provides scheduling coordinators three weeks from the date that the draft NQC list is issued to provide comments.