



Comments of Pacific Gas and Electric Company
Pay for Performance Regulation Year 1 Design Changes
Draft Final Proposal

Submitted by	Company	Date Submitted
John Anderson (415) 973-6955	PG&E	October 10, 2014

Pacific Gas and Electric Company (PG&E) respectfully submits the following comments in the stakeholder process for the California Independent System Operator's (CAISO) Pay for Performance Regulation Year 1 Design Changes initiative Sept. 26, 2014 Draft Final Proposal (Proposal).

PG&E supports the CAISO's proposed changes to the current Order 755 market design.¹ PG&E believes the changes are sufficient to prevent unreasonable decertification of a large portion of the fleet of resources currently providing regulation services in CAISO upon expiration (on Jan. 1, 2015) of the FERC waiver now exempting CAISO from enforcing certain sections of its tariff.² Moreover, PG&E appreciates CAISO's including in the Proposal an analysis of the monthly performance accuracy calculation for the period Jun. 2013 – Jun. 2014 showing the difference between the proposed weighted average calculation and the current simple average calculation.

Going forward, PG&E requests that CAISO provide stakeholders with regular updates on the pay for performance regulation market in its monthly Market Performance Reports and at its Market Performance and Planning Forums.³ Should any indication arise that further changes (i.e. beyond those called for in the current Proposal) to the Order 755 market design are warranted, PG&E agrees that such changes should be the focus of one or more separate stakeholder processes inaugurated through the CAISO's annual stakeholder initiatives catalog process.

¹ The Sept. 26, 2014 Draft Final Proposal calls for two changes to CAISO's current Order 755 market design: (1) modification of the monthly accuracy calculation from a simple to a weighted average; and (2) reduction of the minimum performance threshold from 50% to 25% accuracy.

² The waiver applies to tariff sections 8.2.3.1.1 and 8.4.1.1(h), as well as tariff appendix K.

³ CAISO could, for instance, present data on daily system-wide mileage payments and performance accuracy.