

Comments of PG&E on the CAISO's Draft Standard RA Capacity Product Tariff Modifications

April 16, 2009

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As PG&E has articulated previously, there are elements of the final SCP proposal that PG&E believes could be improved. PG&E reserves the right to comment on the proposal *and* its implementation in tariff language when the associated tariff modifications are filed at FERC. Notwithstanding PG&E's concerns about the proposal itself, PG&E believes that the draft tariff modifications accurately reflect the final SCP proposal that was adopted by the CAISO Board at their March 26, 2009 meeting, with a few exceptions discussed below.

40.5.1(1)

“Scheduling Coordinators on behalf of Modified Reserve Sharing LSEs serving Load within the CAISO Balancing Authority Area for whom they submit Demand Bids shall submit into the IFM Bids or Self-Schedules for both Demand and Supply, each equal to 115% of the hourly Demand Forecasts for each Modified Reserve Sharing LSE it represents for each Trading Hour for the next Trading Day.”

PG&E's Comment: Is it the ISO's intent to require a Modified Reserve Sharing LSE to bid or schedule demand equal to 115 percent of its demand forecast?

40.5.1(i) and 40.6.1(1)

“...must submit: (a) Economic Bids for Energy and/or Self-Schedules for all their Resource Adequacy Capacity into the IFM and RUC and (b) Economic Bids for Ancillary Services and/or a Submission to Self-Provide Ancillary Services in the IFM for all of their Resource Adequacy Capacity that is certified to provide Ancillary Services and for each Ancillary Service for which the resource is certified.”

PG&E's Comment: Is there an interpretation of these sections according to which the entire capacity of a unit must be bid or scheduled for energy regardless of what fraction of the unit is self-scheduled for AS?

40.5.1(iii)

“A Resource Adequacy Resources must participate in the RUC...”

PG&E's Comment: Resource Adequacy Resource should be singular.

40.9.3

“The Availability Assessment Hours shall be comprised of five hours of each non-weekend, non-federal holiday day, and will vary by season as necessary such that, based on historical actual load data, the coincident peak load hour typically falls within the five-hour range each day during the month. The CAISO shall determine the Availability Assessment Hours on an annual basis prior to the start of each Resource Adequacy Compliance Year and shall specify them in the Business Practice Manual.”

PG&E’s Comment: Does the last sentence imply that the CAISO will reconsider every aspect of the definition of Availability Assessment Hours, potentially including whether the hours should be based on a five-hour window, or will the CAISO limit its reconsideration to when the five-hour window occurs?

40.9.2(3)

“Demand response, wind resources, solar resources, and Qualifying Facilities will not be used to determine Availability Standards, will not be subject to Non-Availability Charges or Availability Incentive Payments, and will not be subject to the additional Outage reporting requirements of this Section 40.9.”

PG&E’s Comment: These exemptions are unclear. Based on section 6 of the 2nd Draft Final Proposal,¹ it was PG&E’s understanding that it was the CAISO’s intent to exempt resources whose NQCs are based on historical output. As the proposal notes:

There are several types of RA resources whose Qualifying Capacity (“QC”) value is calculated each year based on historical actual hourly output data, which, by its nature, may include some Outage hours that occur during the period during which actual output is measured in determining the QC. These RA resources include wind, solar and Qualifying Facility resources. Therefore, if the availability standard discussed herein were to be applied to these types of resources, then those resources may be put in a position where Outages may be double-counted. The ISO supports a uniform standard that will apply to all RA resources, but recognizes that some changes may need to be made to the CPUC and LRA counting procedures to reflect that the QC of these types of resources is already de-rated to reflect actual output and may include some level of Outages. Therefore, the ISO proposes that the availability standard and incentives initially will not apply to RA resources whose QC value is calculated each year based on historical actual hourly output data that may include some Outage hours that occur during the period during which actual output is measured. This means that wind, solar and Qualifying Facility RA resources initially will not be subject to these availability standard and incentives of the SCP. The deferral of these provisions to these types of RA resources is temporary, and in the future

¹ <http://www.caiso.com/2362/2362736c18e60.pdf>

the ISO will revisit the applicability of these provisions to wind, solar and Qualifying Facility RA resources. The ISO will coordinate with the CPUC and LRAs on changes that may be made in the future to prevent double counting of Outages.

There are QFs whose output is not determined according to historical output. In addition, there may be non-QF resources whose NQCs are determined according to historical output. The tariff should clarify that all resources whose NQCs are determined based on historical output are exempt from SCP availability charges and credits.