

Stakeholder Comments

SCE Comments on Reactive Power Requirements and Financial Compensation

Submitted by	Company	Date Submitted
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SCE thanks the CAISO staff for their effort in developing a proposal for the uniform requirement of asynchronous resources to provide reactive power and voltage regulation and the CAISO’s commitment to the stakeholder process. The following are Southern California Edison’s (SCE) comments on the CAISO’s November 12, 2015, Draft Final Proposal¹.

SCE supports the entirety of the CAISO’s proposal

SCE supports the CAISO’s proposal to supplant the current case-by-case, system impact study approach to discern whether asynchronous resources must provide reactive power capability with a uniform requirement of asynchronous resources to provide reactive power as a condition of interconnection. SCE agrees with the CAISO that “requiring reactive power capability from all resources is considered a good utility practice”² for safe and reliable interconnections. As part of this construct, SCE supports a technology agnostic approach to establishing equivalent technical requirements regarding reactive power for both synchronous and asynchronous resources. The continued displacement of synchronous resources, which have traditionally provided the bulk of the system’s reactive power needs, by asynchronous resources coupled with the improvements in technology and corresponding declining costs for asynchronous resources to provide reactive power, are all reasons to move forward with the CAISO’s proposal³.

¹ <http://www.caiso.com/Documents/DraftFinalProposal-ReactivePowerRequirements-FinancialCompensation.pdf>

² Draft Final Proposal, p. 12.

³ On November 19, 2015, FERC issued a proposal (RM16-1-000) to eliminate exemptions for wind generators from reactive power requirements. SCE believes it would be prudent for CAISO Management to proceed in seeking the CAISO Board’s approval of its proposal and subsequent filing with FERC, and not wait for FERC to rule on its own proposal.

As SCE has noted in its prior comments, SCE does not support a capability payment⁴ and, as stated above, agrees with the CAISO that providing reactive power constitutes good utility practice. Resources usually recover their fixed and variable costs through bilateral contracts with load serving entities. Investment in a resource incorporates any decision to be compensated through bilateral contracts or through the CAISO markets, should the generation choose to be merchant. Thus, it would be inappropriate to provide capability payments to resources.

SCE supports the CAISO's proposal to remove the Exceptional Dispatch category from the current initiative. SCE agrees with the CAISO that the main component of the proposal – extending reactive power requirements to asynchronous generation – should not be delayed. The Exceptional Dispatch category topic can be addressed in the future.

4

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