

Stakeholder Comments Template

Subject: Reliability Services

Submitted by	Company	Date Submitted
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SDG&E appreciates the opportunity to comment on ISO's Revised Reliability Draft Final Proposal. SDG&E is generally supportive of ISO's draft final proposal.

Intertie resources

SDG&E supports the continued discussion on intertie capacity and ability to contribute to flexibility. SDG&E would like the ISO to consider in phase 2 whether it is appropriate for flexible RAAIM incentives to be funded only by penalties of intertie capacity while generic incentives are funded by internal resources and intertie capacity?

Availability Incentive Mechanism

SDG&E supports the three month advisory period that begins with the implementation date.

The current minimum MW value of PDR is 100 kW. SDG&E believes that this would conflict with ISO's proposal of a minimum 500 kW requirement for the partial derate. It would seem that a small PDR above 100kW but below 500kW would not be allowed to submit a partial derate.

The ISO proposes to exclude the nature of work code "Ambient not due to temperature" from the RAAIM calculation. However, if there is a lack of fuel, then this is not exempted. On February 6, 2014, an Emergency Localized Southern System Curtailment was called for the Southern System including SDG&E's service area. This was called due to extreme weather conditions which did not allow sufficient natural gas to be available on the system regardless of the firmness of the transport contract. In these cases, the scheduling coordinator is required to submit an "ambient not due to temperature" nature of work with an explanation of lack of fuel. SDG&E believes that there is a difference between lack of fuel due to system emergency as opposed to high gas prices. SDG&E believes that fuel shortages during emergency situations should continue to be exempted.

SDG&E continues to not support automatically exempting specific resource types which contribute to system and grid reliability. All capacity should be treated the same and be incentivized to perform to its commitments.

Replacement and Substitution

SDG&E supports ISO's proposal for replacement and substitution of RA capacity timeline.

SDG&E would like the ISO to eliminate the pre-qualification process for real-time substitutions and instead publish annually a list of resources which can substitute for one another. While SDG&E understands this list may be extensive due to the different combinations, it would certainly help market participants to focus on the resources that can provide substitution rather than being rejected by the ISO because the parties thought they would be approved. SDG&E recommends the list to be group by compatible buses rather than resources.

SDG&E would like the ISO to list a time of the day when the release of substitute capacity must be requested. While this may be appropriate for BPM language, it would be helpful to establish it during policy discussions.

SDG&E supports ISO's proposal to cap local requirements at system requirements. SDG&E recommends that the local requirement capped at system requirement should only be for the monthly RA processes and not at the annual process. Due to varying NQC values depending on the month for the same resource, LSEs may not have sufficient Local RA values to meet the capped local requirement. As such, the ISO should be expecting LSEs to provide additional system resources to meet the system requirement instead of procuring additional local capacity on a monthly basis. SDG&E does not believe the ISO intends to change this part of the monthly process and would recommend the ISO may consider clarifying this part of the proposal.

SDG&E's support is dependent on the same proposal being approved at the CPUC. To the extent the CPUC does not adopt the ISO's proposal, SDG&E will request the ISO to reconsider returning to only requiring replacement capacity up to the system requirement of a the particular LSE which showed the capacity. At the heart of this proposal is cost causation. The ISO is changing its replacement requirement policy which is currently limited to only the requirements of each LSE to a future state of requiring all capacity shown on an LSE's RA plan. If an LSE provides capacity greater than its system requirement due to rules set by its LRA, then it could be subsidizing the outages of other resources shown on another LSE's plan. SDG&E does not support subsidizing outages of resources shown on other LSEs' plans.

SDG&E requests the ISO to perform a comprehensive market simulation for RSI due to the multiple CAISO systems impacted. A market simulation should include CIRA, RAAM, OMS, SIBR, CMRI and settlement statements. The simulation should not silo individual systems but ensure that all systems have updated information.

SDG&E looks forward to ISO's final proposal in the near future.