Submitted By	Company	Date Submitted
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SDG&E submits these comments for ISO to further consider and develop its proposal. At this time, the proposal lacks sufficient detail for SDG&E to support.

1. Local Regulatory Authority Interaction and process alignment

SDG&E believes coordination is necessary between the LRA and the CAISO. CAISO should set up an automated mechanism to facilitate information from not only the LRA but also to market participants. LRA input to the ISO is primarily once per month. However capacity information that is relevant to market participants is daily. This information is impacted by webOMS and SIBR and ultimately settlements. It is more critical for CAISO to focus on supplying real time data to the market participants than the data from LRAs at this time. The benefits for market participants will be realized more quickly.

Specifically, SDG&E does not believe this interaction and process alignment requires Tariff involvement. This should be the result of a collaborative effort between the LRAs and CAISO.

SDG&E wishes ISO to provide further detail on the following sub issues

    a. *ISO must first fully assess all potential data, systems security, and integrity requirements…This issue is beyond the scope of the RSI2 stakeholder initiative.*
       Please provide a schedule for this review. When will ISO complete this review and make the details public? What is the threshold for the cost benefit analysis for ISO to implement an interface?

    b. *LRAs may have official RA program materials*
       Please define the requirements of "official documents". What are the RA program materials an official requirement for ISO to give due weight to the LRA's RA program?

    c. *ISO standard LRA configuration template*
       ISO identified several elements that would roll over annually. However, the configuration template does not include the identified elements for LRAs to provide individual LSE information. It is unclear how LRAs would provide the LSE requirements data to the ISO in a standard format. It is unclear how and when ISO would update the standard template to include updated LRA RA program rules. It seems that ISO would be in the best position to fill out the LRA's standard template for the LRA to approve.

2. Substitution rules for flexible capacity resources on planned outage

SDG&E requests ISO to review its requirements for Flexible substitution rules for planned outages. Currently, ISO's planned outage substitution rules (currently called replacement) are based on the total System capacity. This allows one LSE to lean on other LSEs for generic system capacity. SDG&E believes

ISO should be consistent in its planned outage substitution rules for Flexible capacity as well. If ISO will require the substitution beyond the Total Flexible Capacity, then why is it reasonable to be inconsistent with current planned outage substitution rules?

With regards to the flexible capacity substitution for forced outages, the point was raised during the MSC meeting and brought up originally by Six Cities, SDG&E believes that the language in the current tariff is valid. The existing tariff language allows resources to provide substitution for flexible resources on forced outage without regard to the quality. As long as the resource is able to meet the MOO, the substitute resource should be allowed to provide the same level of capacity. It could be reasoned that Category 2 or 3 resources may not be able to substitute for Category 1. However, Category 3 may be able to substitute for Category 2 resources because the MOO hours are similar. SDG&E believe ISO should not change its existing language for forced outage substitution to "same category or better".

3. Planned and forced outage substitute capacity for RA resources in Local Areas

SDG&E does not support ISO's proposal for Local RA substitution. SDG&E believes the ISO's Local RA proposal significantly blurs the lines between Local and System. ISO indicated the following in the stakeholder meeting

   i.   Local RA resources will be considered Local when ISO measures for collective deficiency. (current practice)
   ii. Local RA resources will only be considered Local when the Supplier indicates it was sold as Local RA on the Supply Plan.
   iii. Suppliers will be able to substitute the Local attribute of a Local resource committed as System when another Local resource is on outage.
   iv. ISO will be able to CPM the Local attribute when the System attribute is already committed.

SDG&E raised the issue of Local resources that are partially committed as Local during the stakeholder call. If a Local resource is counted towards meeting the collective Local requirement regardless of commitment, then why should the ISO use a lower Total Local Capacity to measure the planned outage substitution requirement? Why is it reasonable to allow one Local resource to be replaced with System capacity and another only with Local capacity when both resources are being counted towards meeting the Local RA requirement?

SDG&E believes the Local substitution process deserves more robust discussion. ISO already has sufficient capability to handle the approvals of Local resource planned outages. SDG&E does not believe the existing planned outage substitution rules need to be changed. SDG&E does agree that the forced outage substitution rules can benefit from refinement. CAISO should consider SDG&E's forced outage substitution proposal because it is more consistent with ISO's current practices and treats all capacity the same.

4. Updating resources' EFC and/or operational parameters

SDG&E believes ISO needs to be more specific regarding the limitations for each category. In ISO's example, if the resource cannot start 60 times per month, it will not be able to be Category 1. However the current tariff language allows resources with 30 starts per month to qualify if the minimum up and down times prohibit the resource from meeting the 60 start-ups per month requirement. It is unclear if these resources would be placed into Category 2. SDG&E would like ISO to provide a summary of how many MWs per category would be reclassified based on this proposal if it were implemented.

SDG&E is also concerned about impacts from commitment cost enhancement phase 3. In CCE Phase 2, ISO changed the term Use-Limited Resources to Use-Limited Capacity. While the change was not approved by FERC, if ISO seeks to make the change as the result of CCE Phase 3, the new definition would have relevant impact on what is considered use-limitations for this categorization.

ISO provides an example of a short start resource[1] changing the daily starts from 2 to 1 which ISO would newly categorize Category 2. If the minimum down time and up time still fit within the 24 hours, it seems the resource will still fit within Tariff 40.10.3.2(a)(4)(ii) as a Category 1 resource.

SDG&E again asks how a resource that has changed its Masterfile would provide substitute capacity if the resource is unable to create an outage ticket for the change. ISO did not provide any responses to this question in its revised straw proposal.

5. <u>Combination Flexible Capacity Resources RAAIM exemptions</u>

SDG&E believes the assessment of the combined resource should be based on the lesser of the two resources. This creates a disincentive for one resource to be unavailable and lean on the better performing resource. Once the better performing resource has reached its use limitation, the worse performing resource can continue to be unavailable without fault. This should also discourage Scheduling Coordinators from pairing good and bad resources together in order to avoid RAAIM charges.

SDG&E does not understand how a pseudo-resource would be created. Will Scheduling Coordinators be required to bid in the new pseudo-resource? Will a Masterfile need to be created? What other impacts will the pseudo-resource have? ISO should specify how the RAAIM charges/incentives would be paid out for the pseudo-resource. Will it be charged based on the individual resources or just the combined pseudo-resource? If the assessment is based essentially on individual resource, then the pseudo-resource is only necessary for internal ISO processes.

6. <u>Streamling annual and monthly RA processes</u>

SDG&E appreciates ISO's proposal to roll over the annual showings. However this is little benefit for several reasons.

    i.   ISO notes that LSEs may already submit their month ahead system RA showings for all 12 months as part of its year ahead RA showing. In fact, the CIRA tool is able to accept month-ahead RA plans until 2030 at this time for every month.

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ii. ISO will only roll over the RA plans and not Supply Plans. Since RA capacity is defined as capacity listed on a Supply Plan, rolling over the RA plans provides little benefit because the LSE has no supply plan to indicate capacity is committed to the LSE's requirements.

iii. SDG&E believes the cost of implementing this proposal is not worth the marginal benefit.