

Reliability Services Initiative – Phase 2: Straw Proposal

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SDG&E appreciates the opportunity to comment on CAISO's draft Reliability Services Initiative 2 proposal and meeting held on August 26. SDG&E seeks more information to better understand ISO's proposal.

LRA and ISO Process Alignment

SDG&E understands ISO wishes to simplify and standardize its method of gathering requirement information. SDG&E believes ISO should not only provide an excel template, but also create an API to allow all stakeholders easier access to the information within CIRA. ISO acknowledged that it receives updated monthly load forecasts from CEC in a particular format. SDG&E believes it would be useful to allow LSEs to be able to validate those updated values are accurate through CIRA.

ISO proposes that LRAs must submit the required information by a certain date else ISO will use its own configuration defaults for the compliance year. SDG&E is very concerned that the ISO's proposed solution ignores the long established processes of the CPUC RA proceedings. CPUC's final RA requirements are allocated to CPUC jurisdictional LSEs in the middle of September. CPUC jurisdictional LSEs also have monthly load forecast updates due to load migration or other updates such as CAM credits. SDG&E believes ISO should continue to observe the CPUC process timeline. SDG&E would also like ISO to provide more detail of how its process would work on a monthly basis for the month ahead system and flexible requirements in the next proposal.

Planned Outage Substitution for Flexible Capacity Resources

ISO proposes to implement substitution rules (currently known as replacement rules) for flexible capacity resources. The current replacement rules for system RA is based on deficiency of total system capacity. It is unclear whether ISO proposes the same determination standard for Flexible capacity. The proposal only mentions the last in first out method in relation to timeline but not the determination of the quantity of substitution. SDG&E believes ISO's method for determining substitute capacity should be consistent.

Local capacity resources on planned outages

ISO proposes a new rule for local resources on planned outages. SDG&E believes more detail is needed. Particularly,

1. Will the new proposal apply to planned outages requested prior to T-25
2. How will the local reliability need for replacement be established
3. How will the ISO notify SCs of the obligation to replace with another Local resource

4. How is this different than substitution during a Forced outage

SDG&E believes the current process work very well and changes are not necessarily needed.

Local capacity resources on Forced outages

If the options are limited to the three listed in CAISO's proposal, SDG&E prefers option 1.

If CAISO is willing to consider other proposals, SDG&E proposed a Local for Local substitution rule during the Outage Management System Replacement initiative¹. SDG&E's proposal is similar to the comment raised by SCE during the meeting with the exception that the LSE does not play a role. In SDG&E's proposal, all local capacity is considered as local RA when listed on a supply plan. If a local resource must go on a forced outage, the CAISO calculates whether there is sufficient local capacity available to meet the local RA requirements for that month. If there is a surplus local capacity, no local substitution should be required. CAISO then calculates if there's surplus system capacity. If there's both local and system surplus capacity, then no substitution is required and no SCP would be assessed. SDG&E believes its proposal could be updated for RAAIM and modified to be utilized for planned outages as well. SDG&E understands this would change the substitution process; however this change would align the substitution requirement for both planned as well as forced outages.

Using reported use-limitations to determine flexible capacity categories

SDG&E believes this proposal is more appropriate in the FRACMOO 2 initiative because FRACMOO deals with flexible category qualifications and not implementation.

SDG&E does not believe it is necessary for ISO to consider monthly start limitations in the category determination. If the resource reaches a limitation prior to the end of the month, then RAAIM would assess penalties for unavailability. It is up to the resource to ensure it can meet the category it was committed.

Masterfile changes that impact the quantity of EFC the resource may provide

SDG&E agrees that RAAIM should penalize a resource if the resource is unable to bid up to the committed flexible quantity. SDG&E recommends ISO clarify how RAAIM would assess such changes if the bid structure doesn't change. Assume a resource's startup time is 120 mins instead of 90 mins. This would decrease the EFC. However in the bid structure, the resource would continue to bid the entire EFC + Pmin. RAAIM would use the entire bid quantity instead of only the EFC. How does ISO envision RAAIM differentiate the new EFC compared to the original EFC? A change in start-up time is currently not permitted to change the EFC per Tariff 40.10.4.2(b)(1). SDG&E believes ISO should modify the Tariff to include changes other than NQC or PMAX so that resources may have the proper EFC quantity. This would also include ramp rate in addition to start-up time. SDG&E believes ISO should update the EFC value as soon as the Masterfile is updated in order to allow generators understand the over effect of the

¹ http://www.caiso.com/Documents/SDGE-SupplementalComments-OMS_ReplacementRevisedStrawProposal.pdf,
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Masterfile change. This can be accomplished within CIRA via API. If ISO assesses RAAIM, how does the resource provide substitute capacity if the resource is not on an outage?

Masterfile changes that impact flexible capacity categories

SDG&E would like ISO to provide further clarification on the assessment when a resource no longer qualifies for the original category. In the straw proposal, the assessment “will cover the entire EFC for which the resource was shown in the higher flexible capacity category”². Since RAAIM assessment is based on bids, is the ISO proposing to ignore the bid entirely? What happens if the resource continues to bid in the original MOO hours? Will ISO notify the resource’s SC that the flexible category would also change based on the new Masterfile? How does a resource provide substitute capacity if the resource is not on an outage?

Limited exemption from minimum monthly start requirement

SDG&E would like the ISO to provide more details regarding the limited exemption.

1. Does ISO allow a category 3 resource to be exempt as category 1?
2. What is the benefit that is provided with this exemption?
3. For base ramping resources, the resource must not only be able to start twice per day, it also must be available to provide energy for a minimum of six hours. Will the ISO optimize the dispatch in order to start the resource only once per day if the resource can only start once per day and provide energy for 3 hours per day?
4. Does the resource bid into the MOO hours of the higher category or its original category?
5. If ISO is able to exempt and optimize a certain set of resources arbitrarily designated by LSEs, what are the risks to reliability of not meeting the 3 hour ramp?
6. If there are no reliability risks, why can’t the ISO adjust the opportunity cost of starts for all use limited resources to meet the minimum requirements of category 1.

Other issues that require attention

Each year, ISO posts draft list of EFC values to seek input from scheduling coordinators (SC). SCs have until September 1st to submit a change request. For 2016, ISO posted the draft EFC list on August 31st ³ and requested input by September 1st. This is insufficient time for SCs to review the draft list and provide comments without consulting with the generator. SDG&E would like to request ISO provide a minimum of 10 business days for SC review and submit change requests.

SDG&E also requests ISO to finalize both EFC and NQC lists by September 1st in order to facilitate procurement of RA capacities for the following year. Without accurate and final capacity values, parties

² Straw Proposal, pg 18

³ <http://www.caiso.com/Documents/2016EffectiveFlexibleCapacity-ResourceAdequacyResources.htm>

are unable to finalize transactions for the year ahead and month ahead showings since the total portfolio quantity is in flux.