

COMMENTS OF SILICON VALLEY POWER (SVP) ON THE CAISO TARIFF
CLARIFICATION INITIATIVE

Submitted on November 23, 2010

To Whom It May Concern:

Below please find the initial comments of the City of Santa Clara, doing business as Silicon Valley Power (SVP), on the CAISO's posted draft Tariff language and the accompanying matrix of proposed changes in the CAISO's Tariff Clarifications Initiative.

1) Business Practice Manual ("BPM") Proposed Revision Request ("PRR") Impact Analysis

Brief History: In the September 2006 Order conditionally accepting the CAISO's MRTU Tariff, FERC directed the CAISO to include a BPM change management process as part of the MRTU tariff. In Docket No. ER07-1257, the CAISO proposed such a BPM change management process. Pursuant to that process, a change to any provision of a BPM may be proposed by either Market Participants or the CAISO staff, and may encompass additions, edits, deletions, revisions, or clarifications of the BPM. Proposed revision requests are submitted to the CAISO electronically, and are open to comment by any interested stakeholder or CAISO management. The proposed revisions are classified by the CAISO BPM Coordinator into one of three categories, ranging from those of major significance to requests that are beyond the scope of the BPM.

Currently, Section 22.11.1.1 of the CAISO's Tariff (BPM Proposed Revision Request Submittal), provides that the CAISO will perform a "BPM PRR impact analysis" on BPM revisions that are proposed by "CAISO management." A BPM PRR impact analysis is supposed to assess the impact of the proposed revision request on "CAISO computer systems, CAISO operations, the CAISO market, market participants, or business functions." See 122 FERC ¶ 61,271 at P 75 (2007). FERC accepted the CAISO's commitment in Section 22.11.1.4, to engage in such analyses on revisions that are categorized as "Category B" revisions, which are "revisions of substantial significance or revisions that require changes to CAISO or Market Participants' systems." *Id.* at P 88. The CAISO also committed, in Section 22.11.1.8, to prepare BPM PRR impact analyses for "urgent" BPM PRR requests.

CAISO Draft Tariff Changes: In this draft "tariff clarification" filing, the CAISO proposes in Section 22.11.1.1 to delete the commitment to prepare a BPM PRR impact analysis for BPM PRRs submitted by the CAISO management. The CAISO also proposes to revise Section 22.11.1.4 to replace the term "will" to "may," thereby making it an option for the CAISO to prepare such an analysis for Category B revisions. Finally, the CAISO proposes in Section 22.11.1.8, to delete the commitment to provide impact analyses for "urgent" BPM PRRs. In the matrix, the CAISO explains that the draft tariff clarification revisions are intended to make clear that the BPM PRR impact analysis will

only be prepared “when needed,” and to conform the Tariff to “the ISO’s current business practice.”

SVP Suggestion: The proposed tariff revisions do not clarify when the CAISO believes such an analysis would be “needed.” Further, while it is true that the CAISO has not prepared impact analyses for every BPM PRR, and that not every BPM PRR warrants an impact analysis, the CAISO’s preparation of such an analysis was relied upon by parties in Docket No. ER07-1257, and the CAISO should not unilaterally renege on its commitment to stakeholders. SVP has concerns with the CAISO’s failure in its current business practices to comply with its Tariff obligations. Therefore, SVP urges the CAISO to either propose more specific Tariff provisions on the instances in which it will prepare BPM PRR impact analyses for Category B revisions or “urgent” BPM PRRs, or otherwise at least commit in its Tariff to prepare BPM PRR impact analyses if requested by a Market Participant.

2) Use of the undefined term “constraints” in lieu of “Transmission Constraints”

A) Section 27.5.1.1 (Base Market Model used in the CAISO Markets): The CAISO proposes to provide that “For portions of the Base Market Model that are external to the CAISO Balancing Authority Area, the CAISO Markets only enforce network ~~€~~constraints that reflect limitations of the transmission facilities and Entitlements turned over to the Operational Control of the CAISO by a Participating Transmission Owner, or that affect Congestion Management within the CAISO Balancing Authority Area or on Interties.” SVP is concerned that the CAISO’s proposal to use the undefined term “network constraints” creates uncertainty on the types of constraints that the ISO would enforce “on the Interties” due to the purported effect on “Congestion Management within the CAISO Balancing Authority Area.” SVP also would appreciate clarification from the CAISO on the types of “network constraints” on the Interties it plans on enforcing pursuant to this proposed revision.

B) Section 27.5.3 (Integrated Balancing Authority Areas (“IBAA”)): The CAISO proposes to provide, “The CAISO monitors but does not enforce the network ~~€~~constraints for an IBAA in running the CAISO Markets Processes.” Since the term “network constraints” is undefined, SVP would like to ensure that the CAISO does not enforce Transmission Constraints of an IBAA. SVP thus suggests that the CAISO should revise the sentence to state as follows: “The CAISO monitors but does not enforce the network constraints, including Transmission Constraints, for an IBAA in running the CAISO Markets Processes.”

C) Section 31.3.1.3 (Reduction of Self-Scheduled LAP Demand): The CAISO proposes to revise this Section as reflected in strikethrough and underline, as follows: “In the [Integrated Forward Market (“IFM”)], to the extent the market software cannot resolve a non-competitive ~~€~~Transmission ~~€~~constraint utilizing Effective Economic Bids such that ~~€~~Self-Scheduled Load at the LAP level would otherwise be reduced to relieve the ~~€~~constraint, the CAISO Market software will adjust Non-priced Quantities in accordance with the process and criteria described in Section 27.4.3. For this purpose the

priority sequence, starting with the first type of Non-price Quantity to be adjusted, will be: . . . (b) Relax the €constraint consistent with Section 27.4.3.1. No €constraints on Interties with adjacent Balance Authority Areas will be relaxed in this procedure.”

Thus, in this Section 31.3.1.3, the CAISO proposes to use the undefined term “constraints” in four instances. The CAISO’s proposal to use the undefined term “constraint” in the first instance appears to be a typographical error, as the CAISO’s intent appears to be to use a capital “c” when it refers to “Transmission Constraints.” Can the CAISO confirm this, or otherwise provide a further explanation for this specific change? The second reference to the undefined term “constraints,” also appears to not follow the intent in the first reference to refer to “Transmission Constraints.” It also appears inconsistent with the cross-referenced Section 27.4.3. That Section pertains to CAISO Markets Scheduling and Pricing Parameters, and as proposed to be revised in this draft filing, would also refer to relaxing “internal Transmission Constraints.” Thus, SVP also requests the CAISO provide an additional explanation for this proposed change. In the third instance, the CAISO cross-references Section 27.4.3.1, which is “Scheduling Parameters for Transmission Constraint Relaxation”. That section, however, also refers to “constrained transmission facility,” and “constraint”. None of these “constraint” terms are defined terms. Thus, SVP further requests that the CAISO provide further explanation of this proposed revision - should this instead refer to “Transmission Constraint?.” Regarding the last sentence in that Section 31.3.1.3, given that the undefined term “constraints” can lead to a lack of clarity, we recommend the CAISO revise the sentence so that it is clear that the ISO will not relax Transmission Constraints on Interties with other Balancing Authority Areas by revising the sentence as follows: “No constraints, including Transmission Constraints, on Interties with adjacent Balancing Authority Areas will be relaxed in this procedure.”

D) Appendix A, Definition of “Delivery Network Upgrades”: It is not clear if the term “constraints” would accurately capture the intended definition of this term, which is currently defined in the Tariff as, “Transmission facilities at or beyond the Point of Interconnection, other than Reliability Network Upgrades, identified in the Interconnection Studies to relieve Constraints on the CAISO Controlled Grid.” We request that the CAISO provide further clarification on this revision – such as, should “Transmission Constraints” be used?

E) Appendix A, Definition of “Transmission Constraints Enforcement Lists”: This term does not appear in the most recent version of the CAISO Tariff Appendix A posted on the CAISO’s website. SVP is curious where the original language comes from. Since the CAISO does not plan on defining the term “Constraint,” and capitalized terms in the CAISO Tariff have defined meanings, we also request clarification as to whether the term “Constraint” should be revised to “Transmission Constraint” in the following sentence: “The definition of the Constraint includes the individual elements that constitute the Transmission Constraint.” Further, the terms “Transmission Contingencies” and “Transmission” are not defined in Appendix A, thus SVP requests that the CAISO explain its intentions with respect to the proposed capitalization of the letter “t” in the last line of the definition.

F) Appendix L, Section L.1.3 (Operating Transfer Capability (“OTC”)) and Appendix L, Section L.4 (Total Transfer Capability (“TTC”)-OTC Determination): Appendix L pertains to the method of assessing Available Transfer Capability (“ATC”). In Section L.1.3 of this Appendix, the CAISO proposes to revise the provision as follows: OTC “is the TTC reduced by any operational ~~C~~constraints caused by seasonal derates or Outages. . . .” In Section L.4 of this Appendix, the ISO proposes to revise the provision, in pertinent part as follows: “The process for developing TTC or OTC is the same with the exception of inclusion or exclusion of operating Transmission Constraints based on system conditions being studied. Accordingly, further description of the process to determine either OTC or TTC will refer only to TTC.” We request that the CAISO clarify why, in Section L.1.3, the CAISO proposes to use the undefined term “constraints,” but in Section L.4, the CAISO proposes to use the defined term “Transmission Constraints.”

3) Unintended Failure to Reflect Intended Changes

A) Appendix A, Definition of “Full Network Model”: The CAISO’s matrix states that the CAISO intended to capitalize “transmission,” which is appropriate, but the draft Tariff does not adequately reflect this intent. SVP recommends capitalizing the word “Transmission” in the first sentence of this definition.

B) Appendix P, Section 11.5: This Section pertains to referrals of market violations to FERC by the Department of Market Monitoring. The CAISO sought to revise all instances of “the Commission” to “FERC”. In one instance however, SVP suggests the reference should be to “FERC or FERC Staff” to conform to the original intent of the Section.

4) Appendix A, Definition of “Shadow Price”:

“Shadow Price” is currently defined as, “The marginal value of relieving a particular Constraint,” and the ISO proposes to revise the word “Constraint” to “constraint.” SVP notes that in Appendix C, Section C, pertaining to Shadow Price, the ISO proposes to refer to “Transmission Constraint.” Should the definition of “Shadow Price” utilize the term “Transmission Constraint” instead of “constraint”?

5) Section 11.10.9.4 (Allocation of Rescinded Ancillary Services Capacity Payments):

The CAISO proposes to replace the term “CAISO Balancing Authority Area Demand” with “Ancillary Services Obligation” in the first sentence of this Section. The remaining second sentence of this Section continues to allocate rescinded regulation capacity payments to Scheduling Coordinators in proportion to demand. SVP requests the CAISO provide an explanation as to why these two allocations to Scheduling Coordinators use two different proportions?

6) Section 11.10.9.4 (Allocation of Rescinded Ancillary Services Capacity Payments):

The CAISO proposes to replace the term “CAISO Balancing Authority Area Demand” with “Ancillary Services Obligation” in the first sentence of this Section. The remaining second sentence of this Section continues to allocate rescinded regulation capacity payments to Scheduling Coordinators in proportion to demand. SVP requests the CAISO provide an explanation as to why these two allocations to Scheduling Coordinators use two different proportions?

7) Section 22.4.1 (Effectiveness - E-Mail Notices):

Section 22.4.1 is revised to allow notice to be provided by e-mail with confirmation by return e-mail. Based on the ISO’s proposed revision, an e-mail notice is not effective until the original notice recipient provides confirmation of receipt via e-mail. Although this detail makes sense, SVP believes it should be broadcast to all Market Participants to help ensure all involved parties are aware that they should request e-mail confirmation as a part of their original e-mail notice. SVP’s concern is that electronic communications are becoming more commonplace, and some entities may, as they conduct normal business practices, have substantial amounts of notices with the CAISO.

SVP appreciates the opportunity to provide comments to the CAISO on its documents covering the Tariff Clarification Initiative. Please contact me if you have any questions regarding SVP’s comments.

Ken Kohtz
Silicon Valley Power
(408) 615-6676
kkohtz@santaclaraca.gov