

**Comments of VIASYN**  
**Reliability Services March 27, 2014 Working Group Discussion**

Submitted by	Company	Date Submitted
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VIASYN appreciates the opportunity to comment on the ISO's Reliability Services Working Group discussion held on March 27, 2014. We support the direction of the ISO's initiative thus far and look forward to the ISO Straw Proposal. Many of our comments from the Working Group discussion held on February 24 are still relevant, and are included herein by reference.<sup>1</sup>

**1. Revised Timeframe for Voluntary Auction Permits Procurement for Annual RA Showing**

The ISO proposes to utilize a voluntary auction mechanism to allow LSEs to procure the difference between their annual RA showing obligation (90%) and their monthly RA showing obligation (100%). The ISO will then derive a CPM backstop price and unsystematic CPM backstop price either through subsequent backstop auctions or through a calculation based on the clearing price of the voluntary auction.

LSEs and resources should be permitted, in the annual voluntary auction, to transact for RA capacity to meet annual RA showing obligations because:

- 1) The ISO proposes the voluntary auction to occur prior to the CPUC compliance showing deadline, permitting the auction to serve this purpose.
- 2) LSEs having difficulty finding capacity to meet their annual RA showing obligation will not benefit from the currently-proposed voluntary auction. The voluntary auction will provide the most benefit to the LSEs that need it least, and the least benefit to the LSEs that need it most.
- 3) A multi-year forward voluntary auction, which could theoretically serve to facilitate the procurement of RA for use in the annual RA showings, will not reflect updates to final annual procurement allocations and will not benefit those LSEs that need the voluntary auction mechanism the most—those having difficulty meeting their annual RA procurement obligations. An annual voluntary auction is therefore the better method of improving the trade of RA capacity on an annual basis.
- 4) Market power concerns that exist in the bilateral market are ignored if the voluntary auction cannot be used to resolve annual RA showing obligations because the bilateral market is the only option for LSEs and resources to contract for this needed capacity in this respective timeframe.

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<sup>1</sup> VIASYN Comments on Reliability Services Working Group Discussion, February 24, 2014.  
<http://www.caiso.com/Documents/VIASYN-Comments-ReliabilityServices-WorkingGroupDiscussion.pdf>