

Stakeholder Comments Template

Subject: Reliability Services

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the Draft Straw Proposal for the Reliability Services initiative that was posted on June 5th, 2014. Upon completion of this template please submit it to RSA@caiso.com. Submissions are requested by close of business on **June 26th, 2014**.

1. Please provide feedback on Part 1: Minimum eligibility criteria and must-offer rules.
 - a. Comments on proposal portion of section
 - i. Eligibility criteria
 - ii. Must-offer requirements

WPTF supports conforming eligibility criteria and must offer obligations to the extent possible. WPTF also appreciates the ISO's efforts to further detail the eligibility criteria for demand resources.

- b. Comments on phase 2 consideration items
 - i. Intertie resources

WPTF encourages further explanation on the use of intertie resources for ramping. We encourage the CAISO to consider what fraction of each of the flexi-RA categories could be provided from 15-minute ramping resources. To the extent that some level of the ramping needs can be satisfied with 15-minute ramping resources other flexi-RA requirements could likely be consistent across intertie and internal resources.

- ii. Block dispatchable pumping load
 - iii. ISO dependence on MCC buckets

WPTF encourages the ISO to consider the extent to which the MCC buckets ensure the ISO's reliability needs are provided and to work with stakeholders to reform the MCC buckets if the match is not good.

c. Other comments

Whatever consideration the ISO gives to eligibility requirements should be closely aligned with the CPUC's determination on the similar issues.

2. Please provide feedback on Part 2: Availability Incentive Mechanism.

a. Comments on the general direction of the design

We appreciate the ISO's thoughtful efforts to design an efficient incentive mechanism that is applied as uniformly as is practical across resource types.

b. Comments on design features

i. Bid-based assessment

See comment under (iii) single assessment, below.

ii. Fixed availability percentage band

WPTF has no strong objections to the use of a fixed band but would like further discussion on the totality of the performance mechanism before finalizing the fixed band. WPTF encourages the ISO to further discuss the relationship between the Planning Reserve Margin (PRM), the QC determination, outage replacement, and the availability mechanism to ensure the ISO is not – with the replacement requirements and the availability incentives – effectively over procuring.

iii. Single assessment for flexible and generic overlapping capacity

WPTF has concerns that the single assessment, which results in generic capacity also not being available when flexible capacity is not available, may create undesirable disincentives to suppliers for offering flexible RA. WPTF requests more consideration and discussion on this issue.

iv. Other features

WPTF is also concerned about the need for flexible RA units to schedule routine maintenance given the extended offer window requirements. WPTF requests further consideration about how the ISO could release a limited number of flexible RA resources during periods when less than the full level of flexible RA is needed within a month such that resources can perform maintenance without having their measured performance affected. Consideration would need to be given to how such resources could request maintenance windows and how the ISO would choose which flexibility resources' requests would be granted (e.g., first come - first served).

c. Comments on price

The ISO's proposal does not currently include a strong statement of the price. Given that the ISO's principles call for the incentive to adjust with the replacement value, it seems the incentive price has to be based on ISO replacement expenditures over some period of time. We ask the ISO to detail this further such that the ISO and stakeholders can consider alternatives.

d. Comments on capacity and resource exemptions

WPTF has no comment on exemptions at this time.

e. Other Comments

3. Please provide feedback on Part 3: Replacement and Substitution.

a. Comments on scope

WPTF appreciates that the ISO is rethinking the replacement and substitution provisions yet hopes that the ISO also intends to remove the requirement that a local resource that has not sold local RA should have to replace with a local resource.

b. Comments on replacement and substitution issues

i. Complexity

WPTF supports simplification when it is practical.

ii. CPM designation risk

iii. Resource leaning

iv. Other issues

c. Comments on flexible replacement proposal

WPTF has no strong objections at this point.

d. Comments on flexible substitution proposal

The need to substitute with a comparable flexible ramp rate seems overly constraining from an economic efficiency perspective, and WPTF would prefer a mechanism whereby the ISO could determine whether a unit with a different ramp rate could still satisfy expected needs. Especially given that the flexible RA requirement will be established for the entire month, we expect that during certain times the ISO may not need as high a level of flexibility. Finding a balance that does not overly constrain the system is important.

e. Other comments

It is unclear why a flexible resource would have to be at the same bus to pre-qualify for substitution. Rather it seems that suppliers may be able to pre qualify for substitution with resources in equal or greater flexibility categories.

4. Please provide feedback on Part 4: Capacity Procurement Mechanism.

a. Comments on index price

WPTF does not support the index price approach. If the RA market failed to procure sufficient capacity, using prices that transpired in the RA market would not be appropriate for the incremental capacity that the bilateral market failed to procure. Further, it is unlikely that an index based on RA procurement would match in time period and duration the backstop procurement made by the ISO. The index price would thereby not be representative of value of the product being procured by the ISO.

General comments on competitive solicitation process

WPTF supports a competitive solicitation process and supports many of the elements the ISO has drafted into its straw proposal. We do believe it is important to work through the market power aspects of the proposal further – potentially before refining in more detail additional aspects of the proposal. If, for example, the ISO will mitigate the majority of offers (to what level?) then WPTF's support for this mechanism may be much different. The ISO should address the following questions: under what circumstances would the various RA services (generic, local, flexible) be mitigated under backstop procurement; and to what price would the capacity be mitigated?

If an offer cap is applied it should be linked to the cost of new entry of a gas-fired unit. Such a cap should reflect the marginal cost of capacity.

b. Comments on competitive solicitation process

c. Comments on other changes potentially needed to CPM

d. Comments on CPM price

e. Comments on supply-side market power mitigation measures

f. Comments on demand-side market power mitigation measures

g. Other comments