

Stakeholder Comments Template

Subject: Reactive Power and Financial Compensation

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 initiativecomments@caiso.com. Submissions are requested by close of business on **June 11, 2015**.

1. Please provide feedback on the reactive power technical requirements.

WPTF offers no comments on the technical requirements.

2. Please provide feedback on the financial compensation for reactive power.

WPTF appreciates the opportunity to submit comments on the Reactive Power initiative. WPTF also appreciates the CAISO's efforts to create a more complete reactive power compensation mechanism.

FERC ordered development of a proper compensation scheme nearly 10 years ago. For one to argue that a payment for reactive capability for existing resources would represent undue compensation may likely be doing so simply because they have been enjoying a free lunch thus far. A free lunch (at the expense of the supplier) to date does not make a free lunch proper.

WPTF encourages a compensation mechanism that provides compensation to suppliers yet is not overly burdensome. While compensation is appropriate, a mechanism that is not overly burdensome is ideal given that the compensation will make a relatively small proportion of payments a supplier receives.

To this end, WPTF favors a more standardized compensation approach, such as that described the ISO in reference to the "safe harbor" approach.

Such an approach, where payments can be somewhat standardized would result in a significant lower burden for all parties relative to a AEP sort of approach that would involve complex demonstrations of costs and require prudence reviews at the ISO and/or FERC.

WPTF understands that the NYISO and ISO-NE use rate methodologies similar to this.

WPTF also supports payments to both synchronous and asynchronous generators with reactive capability.