

Reactive Power Requirements and Financial Compensation

Revised Draft Final Proposal

Submitted by	Company	Date Submitted
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As noted in previous comments,¹ WPTF strongly supports the creation of a reactive power capability payment and believes the ISO's explanation that reactive power payments are included in capacity contracts is insufficient justification for not adding a capability payment. WPTF notes that the lack of a capability payment will be particularly challenging for new renewable resources under energy-only contracts. Energy-only contracts for renewable resources are expected to increase under SB350 and these resources are unlikely to be able to recover the added expense of complying with the new reactive power technical requirements through their contracts.

Additionally, this initiative has brought to light the challenges the ISO has when comparing transmission assets, interconnection requirements, and market solutions. All three can be used to procure needed voltage control, but there is no mechanism or study that looks across all options to arrive at the most efficient solution. In the future, for example, the ISO may be faced with the circumstance where in order to meet a voltage standard the ISO may procure a synchronous generator as a transmission asset, request additional reactive power capability for existing asynchronous resources, or continually exceptional dispatch a resource to minimum load. WPTF believes that creating a mechanism to price reactive power capability is the first step to being able to compare these options in a robust manner.

1

<http://www.caiso.com/Documents/WPTFCommentsReactivePowerRequirementsandFinancialCompensationRevisedStrawProposal.pdf>