

WPTF Comments on CAISO's PRR 1485 Strategic Reliability Reserve

WPTF appreciates the opportunity to submit these comments on the CAISO's proposed revisions to its Business Practice Manual (BPM) related to the Strategy Reliability Reserve (SRR) resources. The SRR resources represent capacity procured through a tax payer funded program that is intended to act as "last resort" capacity for use in the CAISO market to avoid reliability issues. While WPTF appreciates the CAISO including discussion regarding SRR resources in the proposed BPM language, we believe there is a significant need for additional transparency around when and how these resources will be utilized by the market. Thus, WPTF requests that the CAISO to hold a broader stakeholder discussion that transparently explains the treatment of SRR resources and when/how they will be utilized by the CAISO market. The discussion will not only provide much needed transparency but also provide the stakeholders an opportunity to voice concerns with currently contemplated treatment and offer up alternative approaches. At the end of the day when and how these resources are utilized by the market will have market wide implications for all participants.

WPTF provides the following more specific feedback that ideally would be addressed in a broader stakeholder discussion, the results of which would then be reflected in appropriate BPM language.

- The CAISO should include the details of how SRR resources will participate in the market and be operated by the CAISO in the BPM and not just in updated operating procedures 4420 and 5370. Based on the discussion during the March 28 BPM meeting, the CAISO is planning to include additional details on when the resources will be taken off of outage and thus accessible by the market in updated operating procedures. First, the process by which operating procedures are updated does not provide for an opportunity for stakeholders to provide any feedback, which for this purpose would be extremely useful. Second, the operating procedures only inform actions taken by operators; they do not inform or provide guidance on how resources should be operating. Thus, any details regarding when and how these resources will be operated or seen by the market should be included in the BPMs.
- The CAISO should clearly define the term "extreme event" for purposes of when the SRR resources would come off the outage and be accessible by the market. AB205 does include a definition for the term, but its unclear to WPTF if the CAISO plans to use the same term for defining conditions when the SRR resources will be utilized by the market. If the CAISO is planning on using the same term, WPTF is concerned it does not align with the intent of the SRR resources and could result in the resources being used more frequently than envisioned and have adverse impacts to the market. Additionally, it is unclear to WPTF if the CAISO will be able to access SRR resources before or only after EEA2 events. This added transparency would be much appreciated.
- The CAISO should provide more transparency around how the SRR resources will be participating in the market once off of outage and how this will impact market prices. For example, will the SRR resources always be exceptionally dispatched by operators and if so, how will operators select which resources to ED? Or will SRR resources be required to submit energy offers into the market and if so, will there be any requirement to bid at a certain price point other than between the bid floor and cap? We are concerned if not well designed and coordinated with scarcity pricing rules the SRR assets entering the market will have unwanted impacts on energy prices. For example, the SRR assets may cause the prices to decrease (rather than increase) during periods of scarcity or near-scarcity to the extent any or all their capacity is

essentially price taking, absent any scarcity pricing mechanism. This type of outcome will dilute price signals and should be discussed more broadly with stakeholders.

- It is our understanding that resources procured under the SRR outside the CAISO BAA (but still within California) may also be used to serve their BAA load first during their emergency events. Thus, the CAISO should ensure that the language it uses regarding the CAISO's ability to dispatch and use such SRR resources does not conflict with the resource's own BAAs use of the SRR resources. For example, if the language used by the CAISO allows it to access SRR resources at the same time as the resource's own BAA, then there is a conflict as to which entity gets access to that capacity.
- If the CAISO continues with the current plan of utilizing outage cards to indicate when the SRR resources are not available to the market, will the outages be classified as planned or forced? While we assume the initial outage would be considered planned, our question is more related to situations where the SRR resources are taken off outage to be utilized by the market but then placed back on outage. Even though the outage submitted after being utilized by the market is likely immediately effective and thus per current definitions would be a forced outage, WPTF is concerned with that categorization and potential downstream implications. For example, if categorized as a forced outage how does that affect outage reporting or outage metrics used in other studies such as the LOLE study?