

Western Power Trading Forum on the CAISO's Proposed Revision Request 1181
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The Western Power Trading Forum

The Western Power Trading Forum (WPTF) is a California nonprofit, public benefit corporation. It is a broad-based membership organization dedicated to enhancing competition in Western electric markets while maintaining the current high level of system reliability. WPTF supports uniform rules and transparency to facilitate transactions among market participants. The membership of WPTF and the WPTF CAISO Committee responsible for providing these comments include CAISO and EIM entities, load serving entities, energy service providers, scheduling coordinators, generators, power marketers, financial institutions, and public utilities that are active participants in the California market, other regions in the West, and across the country.

Summary

WPTF thanks the CAISO for this opportunity to provide comments on the Proposed Revision Request (PRR) 1181. Through PRR 1181, the CAISO is proposing changes to Attachment B of the Market Instruments Business Practice Manual (BPM). Specifically, the CAISO is proposing changes that place an unreasonable burden on both the CAISO and resource owners and to the detriment of market operations.

WPTF objects to the changes being proposed in PRR 1181 for the following reasons:

- The use of “design capabilities” is misleading and could lead to detrimental operation of resources
- The proposed changes introduce an ambiguous approval process and timeline
- The proposed changes inappropriately presume the CAISO’s technical expertise is superior to that of the resource owners and overrides any operational judgement
- The proposed changes conflict with existing Tariff language

Detailed Comments

Use of “design capabilities”

The proposed modifications discuss changes the “design capabilities” of a resource. However, if the term “design capabilities” is (1) interpreted as what the resource can do based on its design when initially constructed and (2) the term is strictly enforced this could lead to virtually no changes to Masterfile parameters overtime. Operating a 40-year-old resource in the same manner as it was operated on day one is clearly not in the best interest of the resource owner and plant operator nor the CAISO as it will increase risk of having forced or long duration outages. Additionally, the use of “design capabilities” does not acknowledge that a resource may or may not be able to achieve its “design capabilities,” or that perhaps, it could achieve more desirable performance than its “design capabilities”.

In contrast, a resources' current operating capabilities will change overtime as the resource degrades and as major maintenance is conducted. Additionally, reflecting the resource's current operating capabilities allows the resource to be operated in a safe and reliable manner while allowing for reasonable modifications overtime. Thus, the CAISO should consider using the term "current operating capabilities" rather than "design capabilities" for the benefit of the market as a whole.

Lastly, how resources are being used by the market evolves over time in ways the original design of the resource and thus the "design capabilities" did not contemplate. The most obvious case is the changing use of CCGTs. These resources were "designed" to run as baseload with minimal cycling. However, with increasing levels of renewable generation, they are being operated mores as peaking units. With the change in how they are being operated in the market comes operational experience and cost consequences. In order to preserve the lifespan of what used to be intermediate generation likely demands changes to its operating capabilities that were not reflected in its original design. Thus, the CAISO should not implement overly restrictive requirements in Masterfile that undermine the transformation of the grid and the use of resources needed to meet the needs of the grid.

Ambiguous approval process and timeline

The proposed modifications include not only an explanation of the changes but must also include specific supporting documentation and approval from an undefined number of "...representatives of other affected CAISO systems" before becoming effective. First, prescribing specific supporting documentation that may not necessarily exist for approval sets this process up for failure. Additionally, even if one can provide the required supporting document, the fact that the timeline is unbounded and requires approval from several CAISO representatives does not ensure timely implementation of necessary changes to how a resource is being operated in the market.

Discounts Professional Judgement of Operators

One of the more unsettling elements of the CAISO's proposed changes is that it presumes CAISO staff possesses the same, or better, knowledge of how a resource should be operated than those actually operating the resource on a daily basis. Every resource owner has its own experience, judgement, and risk tolerance when it comes to operating its own equipment. The financial consequences of operating a resource one way over another comes back to the resource owner, not the CAISO. Yet, these proposed changes give the CAISO the ability to override a resource owner's judgement at no risk.

Conflicts with Existing Tariff Language

The proposed changes directly conflict with existing Tariff language in Section 4.6.4. It is our understanding that the CAISO may certainly question and investigate any constraint in the Masterfile, but that absent evidence to the contrary, the tariff states, it is the Participating Generator's ultimate responsibility for providing accurate information, not the CAISO's

responsibility. Yet the proposed changes give the CAISO the authority to reject what the resource owner views as accurate information.

WPTF thanks the CAISO for consideration of these comments.