



California Independent System Operator  
250 Outcropping Way  
Folsom, CA 95630

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## **NextEra Comments Opposing Revised Draft Tariff Language- Dispatch Operating Target**

NextEra appreciates the opportunity to submit additional comments on the Revised Draft Tariff Language – Dispatch Operating Target (“DOT”).

NextEra supports consideration of additional market mechanisms and rules to facilitate market efficiency and effective integration of renewable resources. However, NextEra’s concerns on the proposal to date have not been addressed or resolved, and we continue to have concerns about Market Participant ability to reasonably comply with the ISO’s proposal, both from a physical resource standpoint and from a timing standpoint. We also have concerns that while ISO states that one purpose of the changes is to align the Tariff with NERC Standard COM-002-4, the proposed provision for communicating Operating Instructions is not consistent with the NERC Standard, and further clarity is needed.

### Overview and Background

NextEra has thirty-one wind and solar facilities that participate in the CAISO market. Of the thirty-one facilities, twenty are below 75MW (with no single element greater than 20MW) and those facilities therefore are not subject to the NERC Standards, including COM-002-4. Not all NextEra facilities are equipped with Automatic Dispatch Signal (“ADS”).

Historically, the ISO has notified NextEra’s operating center of reliability related curtailments through a phone call to our operations center. In other words, we have not needed to rely upon automated software to comply with ISO Operating Orders to date or orders that could take place regularly on a 5-minute basis. However, recently such instructions have been posted to a bulletin board.

NextEra has several concerns with the CAISO’s proposed tariff language changes.

Specific concerns:

- (i) Operating Instructions – NextEra is concerned with the ISO’s change in protocol for issuing Operating Orders, which is now referred to as Operating Instructions. NextEra finds the CAISO’s proposal ambiguous as to whether compliance with the new protocols will require software installation and automation, changes that would require time to implement. While the proposal does not explicitly require ADS installation, it does not appear that the prior communication method – phone

call, without ADS or other electronic capability – will still be available. If the current method is no longer available, generators will need time to comply. NextEra seeks the CAISO’s clarification in this regard.

- (ii) Time for compliance - NextEra believes we need up to six months to install software to automate compliance to adjust output with 5-minute Operating Instructions. Until software is installed we have to comply manually.
- (iii) Compliance with NERC protocols – NextEra maintains that the ISO should implement the NERC three-part communications protocols for oral and written instructions to a single entity associated with Operating Instructions, which includes a generator acknowledgement of the instruction to allow generators a reasonable means of managing a Conduct Rule violation liability. Absent formal and direct communication channels, NextEra may incur a significant cost burden to implement alternative electronic communication means that are sufficiently responsive, or NextEra may face significantly higher compliance risks.
- (iv) Operating Instruction when economic bids exist - The ISO should consider all effective economic bids before issuing Operating Instructions.

#### Operating Instruction

The ISO’s proposal would change the historic practice of calling the generator’s operating center to one where Operating Orders, or now Operating Instructions, would be issued via a bulletin board message or a notice on ADS. Our current systems do not have an automated method to receive 5-minutes notices, and activation of the asset’s curtailment system must be done manually. Until we have software to comply automatically, we will be required to comply manually on a 5-minute basis, and we are concerned about the potential of being subject to increased compliance risk. We request that the CAISO clarify whether the CAISO expects, as a result of these tariff changes, any additional infrastructure or changes in practices by variable resource generators.

#### Time of Compliance and Standardization of Instructions

Should the CAISO confirm that it expects a higher level of responsiveness from variable resource generators as part of these rule/policy changes, it will take up to six months for NextEra to develop the automation necessary to assure that we can comply with 5-minute Operating Instructions efficiently and mitigate the chances of error. In this case, it would also be helpful if the CAISO communications were standardized so automation would work optimally.

#### Operating Instruction and NERC

Section 4.2.1 mandates compliance with both Dispatch Instructions and Operating Instructions. Among the reasons that a Participating Generator may not comply with either a Dispatch Instruction or Operating Instruction is because it “(2) is otherwise exempted pursuant to Section 34.13.1.”

1. CAISO should confirm that the proposed changes do not affect 34.13.2.

CAISO states that the intent of the Tariff revisions is to meet compliance with NERC Standard COM-004-2. NERC defines Operating Instruction as:

“A command by operating personnel responsible for the Real-time operation of the interconnected Bulk Electric System to change or preserve the state, status, output, or input of an Element of the Bulk Electric System or Facility of the Bulk Electric System....”

If CAISO does not believe a Dispatch Instruction is a “command,” as used in the definition, CAISO should explain how an Operating Instruction differs from a Dispatch Instruction. If they do not differ, NextEra maintains that the communication protocols established by NERC should be aligned in the ISO proposal.

NextEra believes that the ISO should institute the NERC three-part communication protocol associated with Dispatch Instructions, including the generator acknowledgement of the instruction. Without the communications protocols provided by NERC, generators have a liability of non-compliance with associated Conduct Rule liability. NextEra does not believe a bulletin board posting adequately allows for management of this requirement. While COM-002-4 specifies how three-part communications protocols are to be undertaken for oral and written single and multi-party bursts, ISO’s proposal includes no such language. Instead, Section 6.4 provides that in communicating an Operating Instruction, “CAISO shall use *normal* verbal and electronic communication to issue Operating Instructions to the Connected Entity.” It would be helpful if the ISO can explain how this provision is consistent with NERC Standard COM-002-4 R5, R6 and R7.

The lack of clarity regarding the ISO communication of Operating Instructions becomes more troubling when not all facilities have Automatic Dispatch Signals (“ADS”), as is the case for some NextEra assets, and when NextEra is not the scheduling coordinator for most of its facilities. Without specifying how Operating Instructions are to be communicated in the Tariff, ISO could treat renewable assets smaller than 75 MW in a manner that is not comparable to larger assets. Also, as renewable facilities that are less than 75MW are not subject to the NERC Standards, ISO should clarify if it intends to treat such facilities differently than those that are subject to the NERC Standards in issuing Operating Instructions. If so, ISO should explain the reasoning for the disparate treatment.

If the CAISO provision is intended to apply during Emergencies and non-Emergencies, as defined in the NERC Standards, it would be helpful to understand how Section 6.4 is consistent. As reference, NERC defines Emergency as: “Any abnormal system condition that requires automatic or immediate manual action to prevent or limit the failure of transmission facilities or generation supply that could adversely affect the reliability of the Bulk Electric System.” Please explain whether a Dispatch Instruction is limited to Emergencies, as defined by NERC.

2. Not to exceed the Dispatch Operating Target

Since Eligible Intermittent Resources will be challenged to respond to an Operating Instruction to not exceed the Dispatch Operating Target (“DOT”) with perfect precision, NextEra Energy Resources- One Post Street, Suite 2550, San Francisco, CA 94104

generators will necessarily bias downward their forecast or “self-curtail” to ensure that such resources would not exceed their DOT inadvertently. For example, a resource generating 15 MW and a 1 MW/minute ramp rate would have to keep its output below 10 MW to ensure that it would not violate a 5-minute instruction. This would unnecessarily restrict renewable energy output contrary to state policy, cause variable resources economic harm, and may not accomplish the reliability objective anticipated. We request that the CAISO clarify the intent of its proposed changes as it pertains to Eligible Intermittent Resources and to consider either a reasonable bandwidth on the target (e.g. 5%) or a provision that softens the precision to “operationally reasonable.”

We note that we are not concerned about imbalanced energy charges associated with dispatch instructions, but with the potential Conduct Rule violations associated with an Operating Instruction to not exceed the DOT. It is that violation risk that would cause generators to bias their forecasts downward to manage the liability.

#### Consideration of effective economic bids

The ISO continues to maintain that all effective economic bids need not be exercised before Operating Instructions are issued. However, the CAISO’s response to stakeholder comments and questions on this point is inconsistent with the applicable tariff provisions.

- The ISO states that tariff Section 7.6 (referenced in the proposed tariff language) states that it cannot assume “supervisory control” over other generating units “until it has used all bids effective in responding to the problem.”
- The ISO also states that this tariff provision does not require it to “exhaust all effective economic bids” prior to issuing an Operating Instruction and that “in some cases the economic bids may not satisfy or resolve a local or system constraint.” However, if an economic bid does not “respond to the problem” or “satisfy or resolve a local or system constraint,” then it is not “effective” and would not fall into this category.

Given this lack of clarity, a statement that all effective economic bids should at least be *considered* (not necessarily “exhausted”) before Operating Instructions are issued is an important clarification that should be included in the new tariff language. The ISO can still issue Operating Instructions if the economic bids are not “effective.”

#### Conclusion

NextEra appreciates the opportunity to provide input on the ISO’s proposal and looks forward to working with the ISO to resolve the outstanding questions and concerns with its proposal.

Sincerely,

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