

May 16, 2007
9:00 am to 12:00 pm
Resource Adequacy Plan
Informal Stake Holder's Meeting with CAISO and Interested Parties
Sierra Nevada Regional Office
114 Parkshore Drive
Folsom, CA 95630

Attendees (in person):

Name:	Representing:
Don Battles	Lassen Municipal Utility District
Paul Scheuerman	Department of Energy
Stuart Robertson	Robertson-Bryan, Inc. – Power and Water Resources Pooling Authority & Eastside Power Authority
Lena Ford	Lena Ford Consulting
Rick Coleman	Trinity Public Utilities District
Boyd Wilson	Robertson-Bryan, Inc. – Power and Water Resources Pooling Authority & Eastside Power Authority
Phil Pettingill	California Independent System Operator
John Goodin	California Independent System Operator
Keoni Almeida	California Independent System Operator
Grant Rosenblum	California Independent System Operator
Jennie Sage	California Independent System Operator
Sonja Anderson	Western Area Power Administration
Debbie Dietz	Western Area Power Administration
Jeanne Haas	Western Area Power Administration
Hiroshi Kashiwagi	Western Area Power Administration

Attendees (by phone):

Name:	Representing:
Barry Mortimeyer	Bureau of Reclamation
Joe Lawler	Pacific Gas and Electric Company
Brian Tibbs	Island Energy (Pittsburg Power Company)
Rick Medley (sp?)	Pacific Gas and Electric Company
Koji Kawamura	Western Area Power Administration (CSO)
Claire Douthit	Western Area Power Administration (CSO)

1. Introductions:
2. Western opening remarks (Koji Kawamura/Debbie Dietz):
 - a. Informal stake holder's meeting as part of the Administrative Procedures Act and Western's public process
 - b. Meeting was requested by the CAISO
 - c. No official transcripts will be available – Western will post meeting attendees and any applicable notes on its web site

- d. Today is the last day for questions related to Western's proposed RA plan
 - e. Comments are due in writing on Friday, May 25, 2007
3. CAISO opening remarks (Phil Pettingill/CAISO):
- a. Requested meeting with Western to get a good understanding of Western's proposed plan so CAISO can provide appropriate comments
 - b. From the CAISO's perspective, Resource Adequacy is a forward planning procurement process to insure that there is enough capacity to operate the system on a real time basis
 - c. Need to determine how a resource is being counted, and how it is made available to the CAISO to meet load
 - d. Describes what happens when forward procurement process comes up short
 - e. Focus of discussion will be on the MRTU design and how the RA requirement will work in the MRTU framework
4. CAISO's 5 key discussion issues (John Goodin/CAISO):
- a. Forecasting – how does Western derive its load forecasts?
 - b. Planning reserve margin
 - c. Resources – types, accounting, how they qualify, outages
 - d. Locational capacity – local and zonal
 - e. Must offer – how resource is offered to the CAISO
5. **Forecasting:**
- a. For each of Western's SCID's Western forecasts the loads using a monthly coincident peak
 - b. Reserve options (No ability for LSE to provide reserves under a given SCID under both options):
 - 1) Reserve Sharing:
 - LSE procures reserves to meet its planning reserve margin – all resources are put into a pool
 - No obligation to replace reserve
 - Forecast loads based on coincident peak (from CEC or CAISO data)
 - Western fits in with this option
 - 2) Modified Reserve Sharing:
 - Need to be able to follow load hour by hour
 - Need to be SC for the resource itself
 - Obligated to replace resource in hour and a half – even with an import
 - Load forecast is based on non-coincident peak (not associated with CEC data)
 - This option will not work for Western currently because Western is not the SC for the resources other than the CVP

6. **Planning Reserve Margin:**
- a. CAISO is concerned that Western's proposal for providing planning reserves does not comply with their requirements – specifically Western's proposal to provide 5% in January through May and October through December
 - b. Western stated that imports already include reserves and meet NERC and WECC requirements
 - c. CAISO asked about the difference between the 5% and 10% reserves Western is proposing to provide
 - d. Western explained that it is providing more reserves during the summer peak months when reserves are more critical to the CAISO
 - e. CAISO is concerned about Western using LD contracts for RA requirements for the following reasons:
 - 1) The CAISO considers LD contracts in NP15 as having no reserves – there is no way for them to account for the resource
 - 2) With LD contracts there is no way to know the capacity behind them and the source is unknown
 - 3) CAISO asserts that LD contracts lean on other entities and that the CPUC wants to phase out the use of them
 - f. Western requested that the CAISO formally submit its comments and concerns on Western's proposed planning reserve percentages prior to the close of the formal comment period
7. **Resources:**
- a. Most of Western's large resources are in Western's sub control area and should be treated as an import to the CAISO
 - b. Western's day ahead schedules are held firm through purchases if necessary
 - c. San Luis and O'Neil units are not in Western's sub control area, but they are very small and generate only a few months out of the year
 - d. Western determines the counting protocols for its resources
 - e. CAISO provided example of counting of a resource for RA requirement – stated that capacity amount should be based on what can actually be delivered, not the plant rating. So if a plant is rated at 600 MW, but only 400 MW is deliverable due to transmission constraints, than only 400 MW can be counted for RA requirement
8. **Locational Capacity:**
- a. Western stated that it is proposing not to provide locational capacity because it was assumed that Western's responsibility (given its geographic area) would be very minimal
 - b. CAISO provided some information on the locational capacity program
 - 1) Each LSE is responsible for locational capacity associated with individual TAC areas
 - 2) Shortfalls of locational capacity will be provided by the CAISO, and the costs will be passed on to each LSE. Costs will be allocated

first to those LSE's that contributed to the shortfall. With no plans to provide for locational capacity upfront, Western will be subject to open ended costs on the back end

- 3) Western's RA plan should address how it proposes to provide locational capacity
 - 4) A separate showing for locational capacity will be required – a new template will be provided by the CAISO
9. **Must Offer Obligation:**
- a. CAISO concerned about Western generation in the CAISO control area
 - b. Only San Luis and O'Neil are in the CASIO control area but because of the way the generation is scheduled they are technically in Western's sub control area; however, these plants will not be relied upon for the RA requirement
 - c. Will be able to trade load obligation for reserves against RA capacity. There will some offsetting benefit.
 - d. CAISO expressed concern about Western's intention to use LD contracts, which they view as energy, not capacity products. They also stated that LD contracts may be subject to double counting – both as RA (capacity) and LD (energy)
10. Demand Response Program:
- a. Eligible to RA requirement
 - b. Must be bid into the CAISO market as non-spin with a 2 hour minimum dispatch
 - c. Customer must have ability to reduce its demand and have product dispatchable within 10 minutes
 - d. Only dispatch in a contingency situation
 - e. There is no minimum run time
11. Please provide comments to Western so they can be considered and added to the official record – include comments on:
- a. Locational capacity
 - b. Western's use of LD contracts
 - c. Western's proposed planning reserve percentages