



**Department of Energy**  
Office of Science  
Berkeley Site Office  
Lawrence Berkeley National Laboratory  
1 Cyclotron Road, MS 90-1023  
Berkeley, California 94720



MAY 21 2007

Sonya A. Anderson  
Acting Power Marketing Manager  
Sierra Nevada Region  
Western Area Power Administration  
114 Parkshore Drive  
Folsom, CA 95630-4710

**Subject:** Comments on Western's Proposed Final Resource Adequacy Plan for Transactions in the CAISO Balancing Authority Area

Dear Ms. Anderson:

The U. S. Department of Energy, Berkeley Site Office (DOE/BSO) respectfully submits the following comments in response to the request for comments by the Western Area Power Administration (Western), regarding the Proposed Final Resource Adequacy Plan for Transactions in the California Independent System Operator Corporation's (CAISO) Balancing Authority Area (RA Plan), as described in Western's April 25, 2007 Federal Register Notice.

DOE/BSO supports Western's determination that the use of Liquidated Damages Contracts with firm transmission qualify as capacity for the purpose of meeting applicable reserve requirements.

In light of discussions between Western and the CAISO during a meeting held on May 16, 2007, it appears that Western should reconsider portions of its proposed RA Plan. Western's application of the reserve percentage and CAISO's application of the percentage differ. Western needs to clarify how it will apply its reserve percentage and explain how it compares to the method employed by the CAISO.

In its proposed RA Plan, Western chose not to address how it will meet the locational aspects of the CAISO's capacity planning requirements, assuming that such requirements are de minimis. At the May 16 meeting, Western learned that the locational aspects are substantive. In light of the magnitude of these requirements, DOE/BSO believes that Western needs to modify its RA Plan to include more detail regarding how it plans to meet the CAISO locational requirements.

Western's RA plan is based on making only the reserve portion of Western's capacity available to the CAISO. However, at the May 16 meeting, the CAISO clarified that it expected the entire

resource portfolio (capacity serving load and used for reserves) to be available for CAISO use. Western should reconcile this apparent difference.

DOE/BSO requests that the final RA Plan explicitly provide for a load-serving customer that has a separate Scheduling Coordinator ID, such as DOE/BSO, with the option to "self provide" the required RA capacity, rather than being required to subscribe to the capacity provided by Western. DOE/BSO routinely provides its own resources to serve load and may in the future also wish to meet its RA requirements through a similar procurement process. DOE/BSO recognizes that any resource being self provided for RA purposes would have to meet comparable criteria that are used by Western to qualify as RA capacity or otherwise as provided by the CAISO tariff. DOE/BSO also recognizes that the option to self provide would need to be exercised in a timely manner such that Western has sufficient notice to act appropriately. DOE/BSO recognizes that such self provision may not include Base Resource capacity.

DOE/BSO notes that Western's proposed RA Plan does not provide for (nor does it acknowledge) the provision of reserves pursuant to sections 40.1.1, 40.2.3 and 40.5 of the CAISO MRTU tariff. These CAISO Tariff sections provide for reserves to be made available pursuant to a "Modified Reserve Sharing" option. DOE/BSO believes there are potential benefits to be derived from this option and strongly recommends and encourages Western to make the Modified Reserve Sharing option available to its customers under its proposed RA Plan. The option would allow for the provision of RA capacity based on a percentage of hourly loads, rather than Western's proposal to provide RA capacity based on a percentage of the monthly peak load. The Modified Reserve Sharing option could greatly reduce the overall level of capacity a customer is required to provide to the CAISO.

Sincerely,



Hemant S. Patel  
Electric Power Services Manager

cc:

Dale Swan, Exeter  
Paul Scheuerman  
Jeanne Haas, WAPA  
Debbie Dietz, WAPA  
Tom Boyko, WAPA