



Agenda Report

19-1710

Agenda Date: 1/29/2019

REPORT TO COUNCIL

SUBJECT

Action on a Reliability Coordinator Services Agreement with the California Independent System Operator Corporation

BACKGROUND

A Reliability Coordinator is an entity established under the purview of the North American Electric Reliability Corporation (NERC), and is the entity responsible for maintaining reliability of the nationwide Bulk Electric System. A Reliability Coordinator ensures the reliable operation of the Bulk Electric System within its service area by utilizing its operating tools, processes, procedures and authority to prevent or mitigate emergency operating situations over a wide area of the North American transmission grid. A Reliability Coordinator plays an important role in monitoring its reliability area and taking action that is beyond the vision or control of any individual Transmission Operator. When there is a widespread outage, a Reliability Coordinator helps direct the safe and orderly restoration of power by coordinating participating Balancing Authority Areas and Transmission Operators.

Silicon Valley Power's (SVP) Balancing Authority Area is the California Independent System Operator Corporation (CAISO). SVP, as a Transmission Operator within the CAISO's Balancing Authority Areas, is required to obtain Reliability Coordinator services from the same provider as the CAISO. The CAISO currently obtains Reliability Coordinator services from Peak Reliability, however Peak Reliability plans to dissolve its operations in late 2019. As such the CAISO has taken the necessary actions to be the Reliability Coordinator and on November 14, 2018, the Federal Energy Regulatory Commission accepted the CAISO's pro forma Reliability Coordinator Services Agreement (RCSA) and the related CAISO Tariff provisions. The CAISO has been approved by NERC to be a Reliability Coordinator, and will be offering Reliability Coordinator services beginning July 2019.

DISCUSSION

The contractual mechanism by which SVP will receive and pay for CAISO Reliability Coordinator Services is the CAISO's Reliability Coordinator Services Agreement (RCSA) and the related CAISO Tariff provisions. The RCSA sets forth that the CAISO will provide the Reliability Coordinator Services necessary for the CAISO and SVP to comply with the mandatory NERC Reliability Standards related to the coordinated operation of the Bulk Electric System, and SVP will pay for such services. The initial term of the RCSA is eighteen (18) months, after which the term will automatically renew and remain in full force and effect unless terminated pursuant to the Agreement. Many of the RCSA provisions are identical or consistent with other CAISO pro forma service agreements or otherwise cross-reference the CAISO Tariff, including provisions for billings and settlements, dispute resolution and confidentiality.

The CAISO, as a Funding Party to the Peak Reliability Coordinator Funding Agreement, bills SVP's

Scheduling Coordinator, the Northern California Power Agency (NCPA) for SVP's share of the CAISO's share of Peak Reliability's Reliability Coordinator Services' costs in accordance with the CAISO Tariff. NCPA then passes through SVP's share of these Reliability Coordinator Services costs on the NCPA bill.

Staff recommends entering into the RSCA with the CAISO. Once executed, SVP and the CAISO can begin data integration, training, shadow operations and other related tasks to prepare for the transition from Peak Reliability to the CAISO as SVP's Reliability Coordinator by July 1, 2019.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

In 2018, SVP paid Peak Reliability \$265,806 for Reliability Coordinator Services for calendar year 2017. Consistent with how Peak Reliability calculated SVP's Reliability Coordinator Services annual charges, the CAISO's annual charges for Reliability Coordinator Services will be calculated as an allocated share of the total actual costs of providing services to all customers. The CAISO projects its total annual costs for providing RC Services to be up to 50% less than those of Peak Reliability, which would, if SVP's allocated share (in MWh) of the total CAISO RC costs is the same as it currently is with Peak Reliability, result in a cost savings of approximately \$133,000. There are sufficient funds in the Electric Utility Energy Distribution - Power System Controls program, Contractual Services account.

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Approve and authorize the City Manager to execute the Reliability Coordinator Services Agreement with the California Independent System Operator Corporation subject to annual appropriations.

Reviewed by: Manual Pineda, Interim Chief Electric Utility Officer/Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Reliability Coordinator Services Agreement