

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative

Submitted by	Company	Date Submitted
Tom Darin, 1501 M St., Suite 1000 Washington D.C. 20005	American Wind Energy Association	March 16 th
Lisa Hickey	Interwest Energy Alliance	
Cameron Yourkowski	Renewable Northwest	

This template has been created for submission of stakeholder comments on the Straw Proposal for the Regional Resource Adequacy initiative that was posted on February 23, 2016. Upon completion of this template please submit it to initiativecomments@ISO.com. Submissions are requested by close of business on **March 16, 2016**.

Please provide feedback on the Regional RA Straw Proposal topics:

General Comments:

As the ISO moves forward with the regional RA framework and other regional initiatives, AWEA, Interwest Energy Alliance and Renewable Northwest (together “Joint Commenters” urge the ISO to take a more comprehensive approach to the regional market designs it is proposing. There are many disparate regional integration initiatives that will take place over the coming months (TAC, RA, GHG, etc.). At some point, these discrete proposals need to be reviewed holistically. Breaking regional integration issues down into discrete, manageable tasks is a reasonable approach to initiating proposals and beginning discussions on critical topics. However, in order for stakeholders to support the regional integration effort, they will need to understand how the disparate proposals work in concert. There will be a number of interrelated regional initiatives that deserve to be reviewed as a whole package. Therefore, the Joint Commenters recommend that the ISO develop a plan to review the complete regional integration package with stakeholders before moving forward with Board approval of the disparate proposals. This is important because, while discrete proposals may seem reasonable on their own, the sum of the parts may not result in a robust market design that encourages regional expansion. We look forward to additional discussions on how this proposal will interact with

other elements of regional integration and more information on the ISO plans for a holistic review of the various regional integration proposals.

As the regional RA framework is further developed and refined, Joint Commenters support a number of key principles. The Regional RA framework should ensure:

- The final proposal can be supported by regulators spanning the Western Interconnection. The final proposal should not diminish the rights of state regulators but should continue to provide mechanisms for the ISO to ensure system reliability is maintained.
- The Regional RA framework should appropriately capture the benefits of regional diversity and allow the realization of reduced RA requirements due to regional diversity.
- The Regional RA methodology should not unduly harm existing RA resources operating in the CAISO today and should generally ensure that existing resources operating in the CAISO today can maintain their RA status under the revised methodology.
- To the extent possible, RA counting methodologies should be consistent across the ISO footprint. The counting methodologies should recognize the RA benefits that can be provided by renewable resources and should further recognize the RA benefit provided by regionally diversifying the generation portfolio.

Generally, the ISO's Straw Proposal appears to adhere to these principles. However, as the details are developed, the Joint Commenters encourage the ISO to continue to strive to meet these goals. Below, the Joint Commenters offer some specific comments on the ISO's Straw Proposal.

1. Load Forecasting

The ISO's proposed approach seems reasonable as it would allow the practices currently employed in California to continue, while also providing a path through which new PTOs, which may not have a state run load forecasting program, can provide their own load forecast information. The ISO's proposal to review the LSE load forecast submittals for reasonableness should relieve concerns about inaccurate LSE load forecast submissions.

2. Maximum Import Capability Methodology

From a high level, the ISO's proposal seems reasonable and appears to help ensure the benefit of regional diversity will be captured under the regional RA methodology. The Joint Commenters look forward to more in-depth discussions on this and other topics.

3. Internal RA Transfer Capability Constraints

Again, the high level proposal put forward in the ISO's Straw Proposal appears reasonable and we look forward to future discussions.

4. Allocation of RA Requirements to LRAs/LSEs
5. Updating ISO Tariff Language to be More Generic
6. Reliability Assessment

- a. **Planning Reserve Margin for Reliability Assessment**

The more detailed discussions around how this methodology will be conducted will be critical. The Joint Commenters look forward to future discussions and urges the ISO to continue to pursue RA methodologies that capture the benefits of regional expansion and allow reduced RA requirements to be realized, while maintaining the high level of system reliability.

- b. **Resource Counting Methodologies for Reliability Assessment**

The Joint Commenters strongly support the ISO's proposed approach to develop a consistent resource counting approach to determine the amount capacity that each resource could qualify for in the ISO's reliability assessments. The ISO's proposal to develop consistent resource counting methodologies, while still allowing individual LSEs to continue their own procurement practices, supports reliability and allows for states to maintain appropriate jurisdiction over resource procurement decisions.

As the regional RA framework moves into subsequent phases, we look forward to future discussion on the specifics of the ISO's proposed counting methodology. We are encouraged that the ISO's Straw Proposal recognizes that the Effective Load Carrying Capability (ELCC) approach should be considered. The ELCC approach has been widely adopted due to the accuracy with which it reflects the contribution of a resource to the supply capacity adequacy needs in a Balancing Authority Area.

The Joint Commenters recommend that the ELCC calculation, or whatever method is ultimately adopted, should be updated following an expansion of the ISO footprint, to properly account for the impact of geographic diversity in electricity supply and demand on the capacity value contribution of all resources. This is particularly important for variable renewable resources, which see significant increases in their capacity value contribution over larger balancing areas due to the geographic diversity of their output.

- c. **ISO Backstop Procurement Authority for Reliability Assessment**

7. Other