Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative – Working Group, August 10, 2016

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on Working Group for the Regional Resource Adequacy initiative that was held on August 10, 2016 and covered the reliability assessment topic. Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **August 24, 2016.**

Background

Bonneville Power Administration (Bonneville) appreciates the opportunity to be a stakeholder in the Regional Resource Adequacy (RA) process, and to provide comments on the August 10 Regional RA Working Group meeting.

Bonneville is a federal power marketing administration that markets the output from 31 federally owned and operated hydroelectric projects located on the Columbia River and its tributaries, known generally as the Federal Columbia River Power System ("FCRPS"). Bonneville has a statutory obligation to provide power from the FCRPS to over 130 publicly-owned or -run utilities in the Pacific Northwest, including Public Utility Districts ("PUDs"), cooperatives, municipalities, and federal entities. These Bonneville customers, which resell power to retail customers, are referred to as "preference customers" or "requirements customers" because the relevant statutes requires that they receive "preference and priority" in the disposition of federal power.

About half of Bonneville's preference customers are directly connected to Bonneville's main transmission system, and can receive power directly from Bonneville without flowing power across intervening transmission systems. The other half of Bonneville's customers receive all or a portion of their electricity through the transmission systems of other utilities, such as PacifiCorp.

Bonneville serves preference customer load in PacifiCorp's BAA using a combination of local generation and long-term transmission purchases from other Transmission Providers to bring the FCRPS to load.

Please provide feedback on the August 10 Regional RA Working Group:

1. Does your organization clearly understand the examples that were intended to provide explanation of the Regional RA reliability assessment validation of LSE RA Plans and Supply Plans? If not, please indicate what further details or additional clarity your organization believes should be provided by the ISO in the future.
    a. Please indicate if your organization believes that there are other specific examples or scenarios that are needed to aid in explaining the Regional RA reliability assessment RA and Supply Plan validations. If so, please detail the specific scenarios that your organization would like the ISO to provide examples on.

2. Does your organization clearly understand the examples that were intended to provide explanation of the Regional RA reliability assessment backstop procurement cost allocation? If not, please indicate what further details or additional clarity your organization believes should be provided by the ISO in the future.
    a. Please indicate if your organization believes that there are other specific examples or scenarios that are needed to aid in explaining the Regional RA reliability assessment backstop procurement cost allocation. If so, please detail the specific scenarios that your organization would like the ISO to provide examples on.

3. Please provide any further feedback your organization would like to provide on the proposed Regional RA reliability assessment process.

    Uniform Counting Rules

    Bonneville understands the ISO's desire to standardize resource counting methodologies across a West-wide footprint, and understands the complications inherent in not doing so. However, Bonneville believes that implementing uniform resource counting rules is fundamentally at odds with the flexibility that the ISO's current tariff affords Local Regulatory Authorities in enforcing the ISO's RA requirements. As Bonneville understands currently, ISO Tariff Section 40 gives an LRA the ability to provide the ISO criteria for what resources should count as Qualifying Capacity (QC), and how much of those resources should count towards QC. The Tariff has Default Qualifying Capacity Criteria, but these are only used in the case that the LRA has chosen not to provide guidelines to determine the types and quantities of resources that can provide QC.

    Bonneville maintains it would be wrong to assume that Public Utility Commissions and utility companies across the Western U.S. do not already have established methodologies for counting the capacity available from different resource types, especially for the resources local to those entities, and for which they are obligated to provide reliable service from. These methodologies may not be published in the same format, and for the same purposes as the ISO and CPUC are accustomed; however, they are crucial to long-term resource planning across the U.S.

Bonneville has already submitted comments in this stakeholder initiative stating why the ISO's resource counting methodologies are not appropriate for the FCRPS. The federal power system is a very large system of cascading hydroelectric facilities that is operated in conjunction with several other government agencies, public utilities, and even another country via treaty. In addition, Bonneville has established resource counting methodologies for Federal hydro facilities not associated with the FCRPS.

Bonneville urges the ISO to keep the Tariff as it currently is with respect to an LRA's ability to decide what resources count for QC, and how much. It is a fundamental element not just of long-term resource planning, but of utility regulation in general. There is no reason to assume that the ISO's methodologies for resource counting will be more accurate, more precise, or better than methodologies already in existence throughout the West.

Date for ISO Decision on Backstop Procurement

Bonneville understands that the current timeline for the CAISO decision on backstop procurement is at T-11 days before the start of the operating month, and that it is considering changing this date to T-25. This is nearly a month before the operating date, and leaves a lot of time for weather, load, hydrological, and other conditions to change in between this time, and T-0. Bonneville suggests leaving the timeline as it is, with the decision date set at T-11.

4. Please provide any feedback on the other discussions that occurred on the other Regional RA topics during the working group meeting.

August 10 Presentation, Slide 35: Planning Reserve Margin

The capacity used in the PRM is not well defined and appears to be duplicative of other capacity requirements customers are already procuring from the CAISO market. For instance, in Section 8, (Ancillary Services) of the CAISO Tariff, the CAISO states that "[t]he CAISO shall be responsible for ensuring that there are sufficient Ancillary Services available to maintain the reliability of the CAISO Controlled Grid consistent with NERC and WECC reliability standards and any requirements of the NRC." Currently for Contingency Reserves (forced outages) NERC requires utilities to carry 3% for load and 3% for generation, combined for a total of 6%.

It is Bonneville's understanding that the ISO already requires LSEs to meet Ancillary Services requirements through implementation of Section 8 of the Tariff and its Ancillary Services Markets, which include both Spinning and Non-Spinning reserves. Therefore, capacity set aside in the PRM to cover forced outages in Real-time seems redundant with the LSE's obligation to meet NERC contingency reserve requirements.

In the System RA PRM example on slide 35, the CAISO has set aside roughly 6% under the forced outage category (Forced Outages portion of the orange bar). We also assume that an additional percentage of "Reserves" (Blue bar) could also be used to recover from a forced outage. Therefore, if the CAISO requires the 6% contingency reserves set by NERC in addition to the capacity set aside in the PRM, then this would potentially put capacity held for contingency reserves between 12 and 18 percent – which is well above the amount required by NERC.

Finally, the CAISO's Flexible Ramping Product should be able to alleviate some of the need for the full 6% of reserves. Bonneville assumes that Contingency Reserves (schedules 5 and 6) and Regulating Reserves (Schedules 3 and 3A) requirements set by NERC are additive to the Forced Outage and Reserve capacity held out under the ISO's PRM. If that is the case, Bonneville believes that after accounting for the incentives provided by the Flexible Ramping Product and NERC requirements, the only other item left which might understandably be included in the PRM is allowance for a forecast error, which should be something less than five percent.