

CDWR comments on FRAC MOO draft final proposal

February 21, 2014

California Department of Water Resources (CDWR) appreciates the opportunity to provide its comments on the draft final proposal on Flexible Resource Adequacy Criteria and Must Offer Obligation (FRAC MOO). CDWR respectfully submits following comments:

- a) Use limited resources for Category 1: CDWR supports the proposal to allow hydro resources to count for category 1 including Use Limited Resources (ULR) that meet the set criteria.
- b) LRA share (%) calculation examples: The final proposal should include a calculation example on how each LSE's share (%) would be calculated for allocation of FCR due to that LSE's change in load. The draft final proposal shows a calculation of FCR allocation with an assumption of LSE's share (%), but does not show how that percentage share is derived for an LRA. Similar example should be presented for calculating percent share of LRA on FCR allocation due to solar and wind. The allocation example also should include how the contingency portion of FCR is allocated by category.
- c) Allocation of FCR to LRA: LSE's change in load should not be counted (load ramp coincident with ISO system top 5 largest 3 hour net load ramps) when, a) LSE such as CDWR's load ramps up coincident with ISO largest net load ramp as a result of returning to schedule after Remedial Action Scheme (RAS) activation or a directive from the Reliability Coordinator, Balancing Authority or Transmission Provider to reduce load, b) Large pumps come online after a forced outage of pumps.
- d) Minute-by-minute load forecast: The draft final proposal states, "The ISO's flexible capacity requirement assessment will use the most current full year of actual load data and the most current California Energy Commission (CEC) approved load forecast to produce a data set of minute-by-minute load forecast for the upcoming RA compliance year". It appears that ISO will make use of both 2013 actual load data and CEC's 2015 load forecast to generate minute-by-minute load forecast. Some more details explaining the process by which the CAISO will derive the minute-by-minute load forecast from this data should be provided. Additionally, will ISO use the same

historical load data both for FCR assessment (included in the load forecast) and allocation?

- e) Allocation of FCR to intermittent resource that is exported from ISO to serve outside entities for regulatory compliance: If such intermittent resources exist within the CAISO balancing authority, they should be allocated their fair shares of FCR.
- f) LRA provisions: LRA should have right to establish counting rules for flexible capacity. CAISO default provisions should apply only when LRA does not have such provisions.
- g) Participating Load (PL) eligibility for flexible capacity: The final proposal should include necessary steps to make PL resources eligible for flexible capacity.
- h) LSE data inaccuracy: ISO indicates that if LSE submits inaccurate data for contractual information on renewable contracts, ISO will reassess FCR and recalculate FCR. What is the process of determining inaccuracy of data? Where does this fit into the time line of FCR process?
- i) Effective Flexible Capacity (EFC) eligibility threshold test: Would there be a minimum MW amount that needs to be bid in each of the 10 economic bids to be submitted in the RTM? How many hours and MW would need to be bid?
- j) Collective shortfall backstop and cost allocation: The proposal on Page 7 indicates, in instances where there are simultaneous collective deficiencies (e.g., LSE A short on flexible, LSE B short on generic system), ISO backstop would pick a flexible resource that would count for both generic and system. Is the resource going to get paid for only flexible or both? How is the cost allocated to each of these LSEs? How is the revenue from backstop charges disseminated?
- k) Ambiguity on when LSEs receive their allocation: the proposal on page 11 describes that on May 1, LSEs receive FCR allocations whereas the FCR process time line indicates July as the month LSE's receive allocations. It could be an error.
- l) Does a flexible RA resource need to offer bid to curtail (DEC) also as part of the must offer requirement? If not, how are the offered bids to only generate curtailed? At what price?
- m) How does ISO consider minimum starts per day and start up time in case of aggregated resources?

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