

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative – Working Group, July 21, 2016

Submitted by	Company	Date Submitted
<i>(submitter name and phone number)</i> Mohan Niroula Mohan.niroula@water.ca.gov 9165740712	<i>(company name)</i> CDWR	<i>(date)</i> 07/29/2016

This template has been created for submission of stakeholder comments on Working Group for the Regional Resource Adequacy initiative that was held on July 21, 2016 and covered the topics of Maximum Import Capability, Imports for RA issues, and Uniform Counting Rules. Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **July 29, 2016**.

Please provide feedback on the July 21 Regional RA Working Group:

1. Maximum Import Capability (MIC) calculation methodology proposal
 - a. Do you support the ISO's proposal to modify the methodology for calculating the MIC values in an expanded BAA for use in limited circumstances to reflect situations where a PTO that joins the ISO has a need to serve its peak load that occurs non-simultaneously with the rest of the system and when there are no simultaneous constraints between certain areas of an expanded ISO BAA? If not, why not?

CDWR: The concept of RA planning for one coincident peak does not go hand in hand with the proposal because higher import capability counting is based on the assumption that certain areas peak at different time than the current ISO system. However, transmission constrained areas may need such consideration for ensuring reliability in the constrained areas.
 - b. Do you support a transition period or transitional mechanism for this MIC calculation proposal?

CDWR: No comment.
 - c. Please provide any further details or positions on the ISO's proposal to modify the methodology for calculating the MIC values in an expanded BAA.

CDWR: If today's inter-ties are within the expanded BAA, will they remain treated as inter-ties? If an existing external inter-tie becomes internal because it is within the expanded BAA, will it be treated in the same manner as path 26 allocations are treated today? How many inter-ties will remain inter-ties with the expanded BAA?

2. MIC allocation methodology proposal

- a. Do you support the ISO's proposal to modify the methodology for allocating the MIC to LSEs in an expanded BAA, in order to limit initial allocations of MIC capability to particular sub-regions of ISO that would be defined by the Regional TAC Options sub-regions? If not, why not?

CDWR: CDWR supports the initial allocation to sub-region with assumption that current allocation of inter-tie in the CAISO BAA does not get de-rated.

- b. Do you agree that splitting of the initial MIC allocations among sub-regions, combined with the ability to bilaterally transfer MIC between the Regional TAC Options sub-regions and the final Step 13 ability to nominate any remaining MIC anywhere in the footprint will properly balance MIC allocation method needs for an expanded BAA? If not, why not?

CDWR: No comment.

- c. Do you support a transition period or transitional mechanism for this MIC allocation proposal?

CDWR: No comment.

- d. Please provide any further details or positions on the ISO's proposal to modify the methodology for allocating MIC in an expanded BAA.

CDWR: No comment.

3. Substitution of internal Resource Adequacy resources with external resources

- a. Do you support the ISO's proposal to allow external resources to substitute for internal RA resources experiencing outage requiring substitution?

CDWR: CDWR supports the proposal; however, both non-resource specific and resource specific imports should be allowed to substitute internal resources. Any import backed by firm transmission right in the sending BAA should be eligible for providing RA capacity and qualify for internal substitution.

- b. Do you believe that one of the conditions of allowing external resource to substitute for internal RA resources should be that the external resource has similar operating characteristics of the outage resource? If so, how would the ISO determine the external resource substitute has similar characteristics?

CDWR: For system RA, there should not be any criterion matching operational characteristics; however, if substitution is for flexible RA capacity, then ability to offer economic bid according to the type of flexible RA should be assessed as the criteria.

- c. Please provide any further details or positions on substitution of internal Resource Adequacy (RA) resources with external resources.

CDWR: If an intertie links to a local area, then an import through the inter-tie should be allowed to provide local RA as well and substitute an internal local RA resource.

4. Import resources that qualify for Resource Adequacy

- a. Do you agree that the rules for import resources qualifying for RA should be clarified in order to remove ambiguity from the Tariff?

CDWR: CAISO should clarify why the existing default tariff provisions under 40.8.1.12.1 do not clearly specify criteria for import resources eligibility for RA or why these criteria would not work under the regional RA framework.

40.8.1.12.1 Dynamic System Resources and Pseudo-Ties

Dynamic System Resources and Pseudo-Ties of Generating Units to the CAISO Balancing Authority Area shall be treated similar to resources within the CAISO Balancing Authority Area, except with respect to the deliverability screen under Section 40.4.6.1 and with respect to the limitation on the Qualifying Capacity of wind and solar resources set forth in Section 40.8.1.6. However, eligibility as a Resource Adequacy Resource is contingent upon a showing by the Scheduling Coordinator that the Dynamic System Resource or Pseudo-Tie of a Generating Unit to the CAISO Balancing Authority Area has secured transmission through any intervening Balancing Authority Areas for the Operating Hours that cannot be curtailed for economic reasons or bumped by higher priority transmission and that the Load Serving Entity for which the Scheduling Coordinator is submitting Demand Bids has an allocation of import capacity at the import Scheduling Point under Section 40.4.6.2 that is not less than the Resource Adequacy Capacity provided by the Dynamic System Resource or Pseudo-Tie of a Generating Unit to the CAISO Balancing Authority Area.

40.8.1.12.2 Non-Dynamic System Resources

For Non-Dynamic System Resources, the Scheduling Coordinator must demonstrate that the Load Serving Entity for which the Scheduling Coordinator is scheduling Demand has an allocation of import capacity at the import Scheduling Point under Section 40.4.6.2 that is not less than the Resource Adequacy Capacity from the Non-Dynamic System Resource. The Scheduling Coordinator must also demonstrate that the Non-Dynamic System Resource is covered by Operating Reserves, unless unit contingent, in the sending Balancing Authority Area. Eligibility as Resource Adequacy Capacity is contingent upon a showing by the Scheduling Coordinator of the System Resource that it has secured transmission through any intervening Balancing Authority Areas for the Operating Hours that cannot be curtailed for economic reasons or bumped by higher priority transmission. With respect to Non-Dynamic System Resources, any inter-temporal constraints, such as multi-hour run blocks, must be explicitly identified in the monthly Resource Adequacy Plan, and no constraints may be imposed beyond those explicitly stated in the plan.

- b. Do you believe that there should be a role for bilateral spot market energy purchases or short-term firm market energy purchases procured outside of the ISO BAA to qualify for RA meet a portion of an LSE's requirements? If so, why? If not, why not?
- i. If you believe that some types of energy-only transactions should qualify for RA purposes, should there be a limit or cap on the volume that individual LSEs could utilize those resources for RA purposes?

CDWR: NO comment.

- ii. How could the ISO actually analyze the reliability that would be provided with various levels of these energy transactions being used to meet RA requirements.
CDWR: No comment.
- c. Please provide any further details or positions on import resources qualifying for RA purposes.

CDWR:

- i. *The current tariff includes non-resource specific and resource specific system resource that are eligible for providing RA. Why they should not continue to be eligible for RA under Regional RA construct is not explained clearly. Please clarify what tariff provisions exist today for resource specific and non-resource specific resources (including dynamic and non-dynamic resources) and why each of those provisions do not work or are deficient. This should be the starting point for discussion about eligibility of import resources for RA designation as well as substitution of internal resources.*
- ii. *Following definitions exist today in the tariff with regard to various types of import resources used for RA.*

- Non-Dynamic Resource-Specific System Resource

A Non-Dynamic System Resource that is a specific generation resource outside the CAISO Balancing Authority Area.

- Non-Dynamic System Resource

A System Resource that is not capable of submitting a Dynamic Schedule, or for which a Dynamic Schedule has not been submitted, which may be a Non-Dynamic Resource- Specific System Resource.

- Resource-Specific System Resource

A Dynamic or Non-Dynamic Resource-Specific System Resource.

- NRS-RA Resource

A non-Resource-Specific System Resource that provides Resource Adequacy Capacity

40.9.7.3 Determination of Non-Availability Charges and Availability Incentive Payments for NRS-RA Resources

A Non-Resource-Specific System Resource that provides Resource Adequacy Capacity and whose actual availability calculated in accordance with Section 40.9.7.2 is less than the Availability Standard defined in Section 40.9.7.1 minus the tolerance band of two and one-half (2.5) percent for a given month shall be assessed a Non-Availability Charge. This charge for such a resource shall apply to that portion of the resource's designated non-exempt Resource Adequacy Capacity equal to one hundred (100) percent minus the ratio of its actual availability calculated in accordance with Section

40.9.7.2 to the Availability Standard minus two and onehalf (2.5) percent.

- NRS-RA Resource

A non-Resource-Specific System Resource that provides Resource Adequacy Capacity.

Non-Resource Specific System Resource is not defined whereas the term is used inconsistently as defined and non-defined terms (for example, at 40.9.7.3 and in the NRS-RA Resource definition above). CDWR suggests that ISO should make a list of different types of import resources (from the tariff) used for RA today, the corresponding existing eligibility criteria, and assessment of eligibility under regional RA construct for each type of import resources. Such an assessment could reveal associated problems under regional RA and help stakeholders understand the issues and provide feedback to ISO.

- iii. *CDWR would like to see preservation of eligibility of import resource (under tariff section 40.8.1.12.2) that is backed by a firm transmission right in the sending BAA, and the plant contingent import resource with RA import allocation assigned to an LSE.*

5. Uniform counting rules proposal

CDWR maintains its objections to CAISO's proposal to infringe on LRA jurisdiction by imposing uniform resource counting criteria on LSEs rather than relying on criteria developed by the relevant LRA with the greatest understanding of the entities it regulates. That being said, CDWR appreciates the CAISO's willingness to address the specific needs of certain CDWR resources in the default counting criteria, as further described below.

- a. Do you agree with the ISOs proposal to use the Pmax methodology for most thermal resources and participating hydro? If not please specify, why not? Are there elements of this methodology that require additional detail prior to a policy filing?

CDWR: Please provide detailed explanation of how Pmax test would be done on a monthly basis. If a resource has NQC equal to its Pmax for one month, but NQC equivalent to half of Pmax in the second month, will Pmax test be done for reduced NQC in the second month? A detailed process on Pmax test would be helpful to understand.

- b. Do you agree with the ISOs proposal to use ELCC to establish the capacity values for wind and solar resources? If not, please specify why not. Are there elements that require additional detail prior to a policy filing?

CDWR: No comment.

- c. Are there any element of an ELCC methodology that must be established prior to the ISOs policy filing?

CDWR: No comment.

- d. Do you agree with the ISOs proposal to use the historical methodology for run-of-the-river hydro, and Qualifying Facilities including Combined Heat and Power? If not please specify, why not? Are there elements of this methodology that require additional detail prior to a policy filing?

CDWR: There may be power resources that do not fit clearly into the definition of run-of-the-river or a storage resource, such as hydro resources with the primary purpose of water delivery, flood control, irrigation, power and recreational benefits. Such resource should be allowed to use their own situation-specific forecast for qualifying capacity rather than historical and should be allowed to update. Pmax based test could be a better option for such resources.

- e. Do you agree with the ISOs proposal to use the registered capacity value methodology for load based capacity products such as PDR, RDRR, and Participating Load? If not please specify, why not? Are there elements of this methodology that require additional detail prior to a policy filing?

CDWR: Based on the discussion at the July 20 Working Group, CDWR understands that Participating Load will receive its Registered Capacity Value based on the existing non-spin reserve criteria (which does not require 4 hours sustained output) and subject to performance verification using the existing thirty minute verification process for ancillary services, as proposed by CDWR in its comments on second revised straw proposal¹. CDWR requests that CAISO confirm this in the next iteration of the Regional RA proposal.

- f. Do you agree with the ISOs proposal to use the registered capacity value methodology for Non-Generator Resources (NGR) and pumped hydro? If not please specify, why not? Are there elements of this methodology that require additional detail prior to a policy filing?

CDWR: No comment.

- g. Are there any additional uniform counting rules that should be developed prior to the ISOs policy filing?

CDWR: No comment.

¹ CDWR comments on second revised straw proposal on Regional RA initiative:
<http://www.caiso.com/Documents/CDWRComments-RegionalResourceAdequacy-SecondRevisedStrawProposal.pdf>