

Stakeholder Comments Template

FRACMOO 2 Stakeholder Working Group

Upon completion of this template, please submit it to initiativecomments@caiso.com.

Submitted by	Company	Date Submitted
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The California Large Energy Consumers Association (CLECA) provides these comments in response to the FRACMOO 2 presentation presented at the September 26 workshop. We begin with general comments and then proceed to more specifics.

The FRACMOO 2 stakeholder process has been underway for over two years. In that time, there have been several substantial changes in direction, including the most recent one on the August 2 call and the September 26 workshop. There is clearly an increased emphasis on operational considerations associated with increasing ramps and forecast errors. However, the connection to planning requirements for RA is less clear. Despite numerous questions asking for an explanation of the failings of the existing flexible RA requirement, the CAISO has yet to provide such an explanation, other than to raise concerns about once-through cooling plants being considered flexible. We note that these will retire by the end of 2020. The CAISO also has not shared how other ISO/RTOs are addressing operational requirements relating to flexibility needs, which similarly was asked about by more than one party. Assertions that there would be increasing problems by 2020 were not supported with data, other than forecasts of increasing ramping requirements. Furthermore, a 55-page slide presentation without any text describing the challenges left stakeholders uncertain as to what problem needs to be solved.

On the August 2 call, the CAISO indicated that it had brought the Brattle Group on board to address possible market solutions to its flexible capacity concerns. It was interesting that there was no reference to the Brattle work at the September 26 stakeholder meeting. It would be helpful to learn whether this work is to be an input into the stakeholder process and, if so, when. It appeared that the presentation for September 26 was unrelated to it.

CLECA found the most interesting part of the workshop to be the discussion of the changes in net load between the IFM and the FMM, the FMM and the RTD, and the need for

additional regulation. To the extent that these differences represent the operational challenge that faces the CAISO in “shaping” the net load in the forward market and meeting variations in actual net load day-of, the discussion of changes to the IFM was illuminating. Clearly, Slide 31 shows that day-ahead procurement is targeted to the middle of the hour and thus results in over-procurement in the first half of the hour-long period and under-procurement in the second half in an up-ramp and the reverse in a down-ramp. This variation results in the need for resources that can be dispatched on a 15-minute, 5-minute, or 4-second basis to make adjustments for meeting the net load. The proposal to change the IFM to a 15-minute market appeared to be a very logical means of reducing this variation. We understand that it would require changes to the CAISO markets and tariffs, but it would appear to mitigate the amount of day-of, fast-moving resources needed and would provide day-ahead opportunities for resources that can be subject to 15-minute dispatch as well. As this is a market solution to the flexibility challenge, it should be considered.

One point that was not clear at the September 26 meeting was whether resources with durations of less than three hours would be eligible to provide flexibility. This appeared to be an option on August 2 but on September 26 the CAISO was still discussing three hours of sustained output. Given the need for frequent dispatch changes in the day-of market, it is not clear that resources with less than three hours of sustained output should be summarily rejected.

The last point of concern for CLECA is the schedule in this stakeholder process. According to the discussion on September 26, it appeared that the staff wished to take a conceptual proposal to the Board of Governors by the end of the year. Given that it is already mid-October, this appeared to be overly ambitious and unlikely to be productive. The Presentation from the October 5 Market Performance and Planning Forum states that the CAISO will publish a “draft final proposal of flex framework in December” and take something to the Board during the second half of 2018. This appears to be more realistic, although it may not sufficiently take into account the fact that any revised flexible RA proposal will have to be addressed as well in the CPUC’s new RA proceeding, R. 17-09-020.

If implementation is anticipated for RA compliance year 2020, the CPUC would have to reach a decision by June 2019, which would be after a possible CAISO Board decision. Ideally such a CPUC decision would be adopted earlier to allow for time to make changes for 2020. We strongly urge coordination and cooperation between the CAISO and CPUC on any changes in flexibility requirements so that they can be implemented for compliance year 2020 with sufficient lead time to make substantive changes in procurement by LSEs, as needed.

As an additional concern about schedule, it will be important to consider market changes like those to the IFM discussed above that could provide better for CAISO operational needs. It would be helpful to have information on how long it would take to change the IFM to 15-minute procurement (or make any other relevant market changes) and how that would help mitigate the flexibility issue so that a realistic assessment of a time frame for compliance requirement changes can be made.

