

Stakeholder Comments Template

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

While CLECA understands the CAISO believes the fast pace of this initiative is required to meet PacifiCorp's needs, more time should be given to allow for informed comments on more highly developed, written proposals, as opposed to rushed comments on slide decks and a working group discussion. The planned implementation of the Regional RA proposal is currently the end of 2019 (which may slip), but the proposed board vote is October 2016. Additional time is warranted, and should be made available for further development of this initiative.

Some of the key questions are empirical. For example, over time will the flows over interties for a summer-peaking balancing area change with the addition of a smaller, non-contiguous winter-peaking area(s)? The MIC is based on historical data, and future operations may be different under a single balancing area authority. It appears the issue the CAISO is trying to address is the potential non-coincident nature of intertie flows. It was very helpful to learn at the July 20 workshop that the key concern is driven by the nature of the PacifiCorp West area. Apparently, winter-peaking PacifiCorp West is made up of six, unconnected "bubbles" – it is not a single area- and PacifiCorp West may not have sufficient "in-bubble" generation for those six bubbles to meet "in-bubble" load in the winter. Accordingly, constraining the maximum imports over PacifiCorp West interties based on lower (non-peak) summer flows may be problematic. (It is

also not clear at all how PacifiCorp West would meet a “local” RA requirement; this should be explored in a future workshop.) Answers to empirical questions should not be based on guesses or assumptions; they should be informed by data. At this point, given the lack of data, CLECA cannot take an informed position on the CAISO’s proposal, but has a greater understanding of the problem CAISO is trying to solve.

Regional RA will impact costs and reliability; it is too important to not spend the time to get the necessary data to get it right. At a minimum, the Regional RA proposal should be preliminary and interim; it should be subject to re-examination after the first two years of initial operation in an expanded regional context.

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

Yes; as stated above, any Regional RA proposal for just PacifiCorp and CAISO should be preliminary and interim and subject to review upon the first two years of initial operation as well as the addition of any new Participating Transmission Owner(s).

- 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.

2. MIC allocation methodology proposal

The MIC allocation proposal depends on the Regional TAC proposal, which *seems* reasonable; however, the Regional TAC proposal is still under development and not final. Accordingly, it is difficult to take an informed position on this.

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

See response to 1.a. above.

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

3. Substitution of internal Resource Adequacy resources with external resources

Based on the discussion at the workshop, it is not clear why pseudo-tie resources would not be considered internal resources, as they are in other ISOs/RTOs. It is also not clear how the new penalties and assessments for RA products being adopted and implemented on various timelines in the various phases of the Reliability Services Initiative would impact external resources. This

subject requires more discussion followed by a more developed proposal for CLECA to offer informed responses to the questions below.

- a. Do you support the ISO's proposal to allow external resources to substitute for internal RA resources experiencing outage requiring 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?
- c. Please provide any further details or positions on substitution of internal Resource Adequacy (RA) resources with external resources.

4. Import resources that qualify for Resource Adequacy

See general response to 3 above. This subject requires more discussion followed by a more developed proposal for CLECA to offer informed comments.

- a. Do you agree that the rules for import resources qualifying for RA should be clarified in order to remove ambiguity from the Tariff?
- 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?
 - 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?
- c. Please provide any further details or positions on import resources qualifying for RA purposes.

5. Uniform counting rules proposal

- 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?
- 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?

It takes time and significant effort to develop an ELCC methodology; the CPUC staff has been working on such a methodology for wind and solar for several years. CLECA recommends the CAISO staff work with the CPUC staff, seeking lessons learned rather than starting from scratch. The CAISO must also allow sufficient time for a robust stakeholder process to review the proposed ELCC methodology prior to its implementation and use.

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

It remains unclear what would happen if there were a discrepancy between the LRA's "counting" of a demand response resource and the CAISO's counting; this should be clarified prior to a policy filing. It also appears from the power point slides that the compliance audit and testing provisions of the proposal for PDR resources are in flux. CLECA would oppose a monthly testing requirement for PDR that is meeting its must offer requirement or appropriately using outage cards; confirmation in writing from CAISO that any testing would not conflict with a resource's use limitations or outage cards should be provided. Again, there should be a detailed, developed, written proposal, followed by a workshop, comments and opportunities for multiple iterations.

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