

Stakeholder Comments Template

Flexible Resource Adequacy Criteria and Must-Offer Obligation Straw Proposal, July 25, 2013

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, covered in the Flexible Resource Adequacy Criteria and Must-Offer Obligation revised straw proposal on July 25, 2013, and issues discussed during the stakeholder meeting on August 1, 2013.

Please submit your comments below where indicated. Your comments on any aspect of this initiative are welcome. If you provide a preferred approach for a particular topic, your comments will be most useful if you provide the reasons and business case.

Please submit comments (in MS Word) to fcg@caiso.com no later than the close of business on August 15, 2013.

1. The ISO has proposed a process by which an annual flexible capacity requirement assessment would be conducted. Please provide any comments or questions your organization has regarding this proposed process.

CMUA Response: As CMUA has noted in prior comments, if the assessment is proposed to apply CAISO-Balancing Authority wide, then all LRA must have formal input and participate fully in the assessment process. To be clear, CMUA is proposing that representatives for POU LRAs be formally included in the assessment process, on par with the CPUC and CEC. With that clarification, CMUA supports the process.

2. The ISO has outlined a methodology to allocate flexible capacity requirements to LRAs. It is based on one possible measurement of the proportion of the system flexible capacity requirement to each LRA and calculated as the cumulative contribution of the LRA's jurisdictional LSE's contribution to the ISO's largest 3-hour net load ramp each month. Please provide comments regarding the equity and efficiency of the ISO proposed allocation. Please provide specific alternative allocation formulas when possible. The ISO will give greater consideration to specific allocation proposals than conceptual/theoretical ones. Also, please

provide information regarding any data the ISO would need to collect to utilize a proposed allocation methodology. Specifically,

- a. Over the course of a day or month, any of the identified contributors to the change in the net load curve may be positive or negative. How should the ISO account for the overall variability of a contributor over the month (i.e. how to account for the fact that some resources reduce the net load ramp at one time, but increase it at others)?

CMUA Response: The ISO's inclusion of a monthly flexible capacity requirement, and the ability of intermittent resources to contribute flexible capacity, should adequately account for overall variability of net load.

- b. What measurement or allocation factor should the ISO use to determine an LRA's contribution to the change in load component of the flexible capacity requirement?

CMUA Response: The ISO should base the change in load component of the flexible capacity requirement on changes in load for LSEs subject to each LRA's oversight during the monthly maximum three hour ramp periods used to establish the monthly system flexible capacity requirements. The data used to determine LSE changes in load during the monthly maximum three hour ramp periods could be historical data for recent years or the forecast data used by the ISO to estimate the monthly maximum three hour ramps.

- c. Does your organization have any additional comments or recommendations regarding the allocation of flexible capacity requirements?

CMUA Response: Not at this time.

3. The ISO has proposed must-offer obligations for various types of resources. Please provide comments and recommendations regarding the ISO's proposed must-offer obligations for the following resources types:

- a. Resources not identified as use-limited

CMUA Response: CMUA finds the CAISO proposal for non-use-limited resources acceptable.

- b. Use-limited resources

CMUA Response: Throughout this process, CMUA has urged the CAISO to be more granular in the types of products that make up the flexible ramping requirement, so that additional resources can contribute to system flexibility needs. CMUA understands that this was the earlier policy preference for the CAISO. This revised Straw Proposal includes specialized rules for preferred resources. Given this process to revise the proposal, and the input of several other stakeholders, CMUA urges the CAISO to move in this direction and create differentiated products. In doing so, the CAISO will help address the needs of use-limited resources that may be better able to contribute ramping needs while respecting the operational characteristics of the units.

1. Please provide specific comments regarding the ISO's four step proposal that would allow resources with start limitations to include the opportunity costs in the resource's start-up cost.

CMUA Response: CMUA has not comment at this time.

2. Please provide information on any use-limitations that have not been addressed and how the ISO could account for them.

CMUA Response: CMUA has not comment at this time.

c. Hydro Resources

CMUA Response: CMUA supports expanded product differentiation and hydro-specific rules to reflect the particular needs of hydro resources and the reality that they constitute a significant portion of the fleet.

- d. Specialized must-offer obligations (please also include any recommended changes for the duration or timing of the proposed must-offer obligation):
 1. Demand response resources
 2. Storage resources
 3. Variable energy resources

CMUA Response: CMUA has no comment on this issue, other than to note that the specialized obligations being created for these resources underlies the need to have differentiated products so that

additional resources can contribute to meeting flexibility requirements.

4. The ISO has proposed to include a backstop procurement provision that would allow the ISO to procure flexible capacity resources to cure deficiencies in LSE SC flexible capacity showings. Please provide comments regarding the ISO's flexible capacity backstop procurement proposal.

CMUA Response: CMUA supports the broad outline of backstop procurement, which is designed to mirror the Local Capacity Requirement backstop that the ISO currently performs.

5. The ISO is not proposing to use bid validation rules to enforce must-offer obligations. Instead, the ISO is proposing a flexible capacity availability incentive mechanism. Please provide comments on the following aspects of the flexible capacity availability incentive mechanism:

- a. The proposed evaluation mechanism/formula

1. The formula used to calculate compliance

CMUA Response: CMUA has not comment at this time.

2. How to account for the potential interaction between the flexible capacity availability incentive mechanism and the existing availability incentive mechanism (Standard Capacity Product)

CMUA Response: CMUA has not comment at this time.

- b. The use of a monthly target flexible capacity availability value

1. Is the 2.5% dead band appropriate?

CMUA Response: CMUA has no position on this issue at this time.

2. Is the prevailing flexible capacity backstop price the appropriate charge for those resource that fall below 2.5% of monthly target flexible capacity availability value? If not, what is the appropriate charge? Why?

CMUA Response: CMUA has no position on this issue at this time

- c. Please also include comments regarding issues the ISO must consider as part of the evaluation mechanism that are not discussed in this proposal.
6. Are there any additional comments your organization wishes to make at this time?

CMUA Response: Not at this time.