

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative

Submitted by	Company	Date Submitted
<i>Tony Braun</i>	<i>BBMS, PC, Counsel to the California Municipal Utilities Association</i>	<i>May 9, 2016</i>

This template has been created for submission of stakeholder comments on the Revised Straw Proposal for the Regional Resource Adequacy initiative that was posted on April 13, 2016. Upon completion of this template please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on May 4, 2016.

Please provide feedback on the Regional RA Revised Straw Proposal topics:

Initial Observations

CMUA appreciates the work the CAISO has performed to keep key aspects of the existing Resource Adequacy (RA) program, while examining possible changes that may be needed to accommodate a multi-state regional footprint. CMUA remains concerned that uniformity sought on certain issues is not necessary, and may erode Local Regulatory Authority discretion needlessly. Because of this concern, it is critical to CMUA that no tariff changes relevant to RA (or any other issue for that matter) be effective unless there is certainty that PacifiCorp or another major Balancing Authority Area is solidly committed to consolidation with the CAISO, evidenced by necessary regulatory approvals. CMUA does not support a filing of possible Tariff revisions this year, for example, when PacifiCorp will not have even commenced its state regulatory approval process.

1. Load Forecasting

While CMUA is not concerned about the current Load Forecasting process in the context of the current CAISO BAA, CMUA seeks symmetry in an expanded footprint. CMUA is concerned that the load forecast for California LSEs is subject to regulatory oversight, while the LSE load forecasts in other jurisdictions are not. Further, CMUA is not convinced that either a non-transparent exchange between the CAISO and a non-California LSE, or after-the-fact reporting, both of which may be excellent ideas in their own right, are adequate to replace regulatory oversight for a portion of the co-optimized system, but not all of it.

CMUA would be willing to consider either of these formulations as part of uniform load forecasting processes across any expanded CAISO footprint. Modifications to the California process to allow direct LSE submission of load forecasts to the CAISO should be considered, or state or LRA oversight of non-California LSE load forecasts should be contemplated.

2. Maximum Import Capability

CMUA's general observation is that the CAISO is wrestling with the appropriate issues associated with possible MIC methodology modifications. As we did when the current MIC allocation was developed, the municipal community supports preservation of existing arrangements and commercial expectations. As the CAISO notes, however, there are quite a few issues and additional empirical analysis still under development, including information on what MIC values would be for PacifiCorp branch groups and also the establishment of a Pre-RA Commitment Date. These were key issues that were addressed when the current MIC methodology was derived and agreed upon, and they must be addressed here also before any RA proposal can be considered complete.

3. Internal RA Transfer Capability Constraints

The CAISO's introduction of the Zonal RA Proposal appears to be a major policy shift, and one that requires considerable additional attention and discussion. At first blush, the establishment of zones raises the question about whether this new requirement would cut into the potential value of creating the larger and diversified BAA footprint. It would appear to subject CMUA members to new obligations within the current CAISO BAA footprint. It may concentrate generation capacity ownership artificially beyond the high concentrations already existing in certain of the proposed Zones. Further, it is unclear why the CAISO has concluded that these Zones would be fixed and not subject revision as the system topology changes, which would potentially undermine the reason for the Zonal RA Proposal. Moreover, the CAISO does not provide much detail on why it has selected a load-ratio share methodology for assigning Zonal RA requirements. In short, this Proposal requires quite a bit more detail and discussion.

4. Allocating RA Requirements to LRAs/LSEs

Subject to seeing the details of implementation of this approach, CMUA does not oppose this concept of elective direct submission of requirements to LSEs.

5. Updating ISO Tariff Language to be More Generic

CMUA urges the CAISO to exercise discretion and make changes only when necessary or the need truly compelling. We look forward to reviewing actual Tariff language changes at the appropriate time.

6. Reliability Assessment

a. Planning Reserve Margin

CMUA has no position on a uniform PRM at this time, but looks forward to continued discussion on possible methodologies that may inform our final position.

b. Uniform Counting Methodologies

This issue is one that balances the need to limit free riding, with the remaining desire to vest key resource adequacy rules with LRAs. CMUA appreciates the additional detail the CAISO has provided with respect to possible uniform counting methodologies. CMUA does not have a position on this issue at this time.

c. Backstop Procurement Authority

CMUA supports the general approach to maintain a “minimalist” approach to backstop procurement, with triggering events based on aggregate deficiencies and allocated to LSEs that fail to meet allotted shared of RA obligations. However, CMUA is concerned and requests additional information, including examples, about how the backstop procurement would be applicable to any Zonal RA requirement.

7. Other

Timing

While CMUA appreciates the revision to the decisional timelines from June to August, the path forward and the alignment with other processes is still not clear. For example, in anticipation of the governance workshop to be held May 6th, 2016, several informal documents were filed advocating a hybrid transitional Board. Some have suggested that this new hybrid board would be vested with the authority to make TAC and RA policy decisions, among others. CMUA has made clear its preferences that more time be allotted to work through hard details of the proposed policy changes, and the need to not make effective any changes to an existing RA paradigm that is working well, absent addition of a major new PTO with accompanying load and resources in its Balancing Authority.

Consistency of Must Offer Obligations and RAAIM

CMUA supports the proposal, as it understands it, that the currently application MOO and RAAIM will apply uniformly across any expanded BAA.

No Centralized Capacity Market

CMUA agrees with and supports the CAISO’s position that regionalization of the grid does not require centralized capacity procurement mechanisms, and that continuation of the bilateral contracting approach to RA is anticipated.