

CPUC Staff Comments on Reliability Services Initiative (RSI) - Phase 2 Second Revised Straw Proposal

Submitted by	Company	Date Submitted
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Background:

As we indicated in prior comments, the CPUC Staff appreciate the opportunity to work to make the Resource Adequacy (RA) process more efficient and streamlined, as is the goal of the RSI. We believe that an important first step in this collaborative process is to provide the CPUC access to the CAISO’s automated CIRA (Customer Interface for Resource Adequacy) system, as this would streamline our compliance process. In its second revised straw proposal, the CAISO proposes a standardized spreadsheet template for all Local Regulatory Agencies (LRAs) to provide necessary information about the LRA’s RA program to validate a Load Serving Entity’s (LSE’s) showing. Moreover, the proposal clarifies that the CAISO intends to revise its tariff and Business Practice Manual (BPM) to “require” the LRA to provide this information to the CAISO.

The other main issues that CPUC Staff is concerned with relate to the replacement rules for RA resources, when they are requesting a planned outage (for maintenance, etc); and the interaction between the RSI proposals and others being considered in other CAISO initiatives.

“Clarifying” Local Regulatory Authority interaction and process alignment

Tariff Changes Related to “Default RA requirements”

The proposal states: “the process alignment effort will require the ISO to make a tariff change with regard to the effective date of the ISOs default provisions.” CPUC Staff wish to reiterate our opposition to any tariff changes that imply that Default RA requirements would be applied to LSEs that are regulated by the CPUC. Such a provision would be in conflict with state law that specifies that the CPUC regulates non-municipal LSEs in California and sets their RA requirements.

We are happy to continue working with CAISO, as we have been doing for some years, to ensure that information necessary to “confirm” the details of the CPUC’s regulatory programs are shared in a timely manner before each compliance year. While it would be appropriate for guidelines to be listed in the BPM, but we will oppose any tariff or BPM changes that imply a requirement placed on the CPUC jurisdictional entities.

Template for LRA completion on RA program

CPUC staff would like to support the ISO’s efforts to ensure that LSE filings are in compliance with the applicable LRA’s RA program criteria, or in the case of LRAs who have not established RA program criteria, with the CAISO’s default RA provisions. The CPUC, as an LRA, appreciates the ability to inform the ISO regarding the CPUC’s RA program rules but also appreciates the difficulty in tracking compliance against the RA program requirements from the multitude of LRAs that exist within CAISO.

CPUC staff, however, question why the CAISO needs to implement default RA tariff provisions related to year-ahead RA filings, versus month-ahead RA filings, which should be sufficient. CPUC staff would appreciate an illustration of instances when the CAISO would perform backstop procurement in the year-ahead timeframe that was related to something other than local RA deficiencies. Please provide an example of this instance either in a stakeholder meeting or through a revised proposal.

CPUC staff believes it is not necessary to make the determination of LRA provisions-vs.-default provisions until the month-ahead process, and thus would advise CAISO to begin the default provision determination relative to the January month-ahead filing, not the year-ahead filing due dates. Secondly, CPUC staff recommends to CAISO that it would be clearer and more effective for LRAs to be able to provide for CAISO the actual RA obligations for each LSE, not the individual allocations and credits requiring CAISO to perform calculations. If the CAISO is required to re-create the LRA calculations and allocation of RA procurement obligations, there may be confusion and uncertainty. LRAs need to ensure clarity with CAISO that the LSEs under their RA purview are measured according to the same RA obligations that the LRA imposes, otherwise LRA enforcement would be difficult due to a lack of documentation of noncompliance.

Substitution Rules

Flexible capacity resources on planned outage

Thank you for altering the proposal to remove the “same category or better” provision, this is consistent with our prior recommendation.

Substitution rules generally

CPUC staff strongly recommends that CAISO consider the implications of proposals being made in other initiatives when developing proposals in the RSI. There are potentially significant implications for RAAIM from proposals in the Commitment Cost Enhancements Phase 3 initiative (CCE 3). For example, under that proposal “outage tickets” won’t be allowed for DR resources because they will no longer be “use limited.” This means that the RSI will need to consider how to deal with this with regards to RAAIM assessments and penalties. It would not be fair to penalize DR resources with RAAIM because they cannot submit outage tickets.

Separate local and system RA for purpose of forced outage substitution

CPUC Staff appreciate CAISO’s stated intention to simply require that the “replacement requirements mirror the capacity obligation for which they have been procured.”

Planned outages

CPUC staff understands that CAISO has withdrawn the proposal for Local RA substitution for planned outages. However, we request clarification through this initiative of CAISO’s current practices: i.e., will each individual outage request continue to be evaluated based on whether or not the local area has sufficient capacity without the resource, regardless of how the resource was procured? The proposal states: “if the resource can reliably take the outage, then the only substitution that is required is to ensure that the PRM is maintained. If the resource going on outage is located in a local area and the outage is approved, then the substitution could be system capacity.” Because of the ordering of this paragraph however, it is confusing which statement refers to current practice, and which refers to the “component of the proposal” that is being withdrawn.