

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative – Working Group, July 21, 2016

Submitted by	Company	Date Submitted
<i>(submitter name and phone number)</i>	<i>Department of Market Monitoring</i>	<i>August 12, 2016</i>

The Department of Market Monitoring (DMM) appreciates the opportunity to comment and further elaborate on the stakeholder discussion of imports for RA issues that occurred during the Working Group for the Regional Resource Adequacy initiative on July 21, 2016. DMM supports the ISO's proposal to update current resource adequacy program rules to facilitate regional expansion and maintain grid reliability. DMM's comments focus on the ISO's current treatment of non-resource-specific imports as resource adequacy resources.

1. Maximum Import Capability (MIC) calculation methodology proposal

No comment.

2. MIC allocation methodology proposal

No comment.

3. Substitution of internal Resource Adequacy resources with external resources

In principle, an RA resource on outage requiring replacement should be replaced by a resource capable of providing the same set of relevant RA characteristics as the resource it is replacing. As noted in our comments in section 4, under current RA regulations, non-resource specific imports do not have the same must offer obligation as internal resources.

Additionally, RAAIM penalties are not structured to incentivize performance of non-resource specific import resources as strictly as internal resources. Finally, internal resources can be exceptionally dispatched in extreme situations; non-resource specific import RA resources cannot.

Given these differences, DMM does not support allowing an external non-resource specific import RA resource to substitute for an internal RA resource under current market regulations. Should RA rules require external non-resource specific RA imports to have the same relevant features as internal resources and should these requirements be transparent and enforceable, DMM would not object, on principle, to the ISO's proposal to allow non-resource specific

import resources to substitute for internal resources. However, as noted below, non-resource specific import resources do not have equivalent enforceable must offer obligations as an internal resources.

4. Import resources that qualify for Resource Adequacy

DMM supports the ISO's effort to clarify the requirements and expectations of the physical availability of non-resource specific imports used to meet RA system requirements. As stated in the ISO's proposal "the ISO believes that it is important for all stakeholders and the ISO to have a common understanding of what may constitute a "firm monthly commitment" for the purposes of meeting RA system requirements. This will be increasingly important as the ISO expands regionally to include additional LSEs that currently rely on established integrated resource planning processes subject to regulation by other states. Clarification of this topic is also needed to provide a clarity for any monitoring by the ISO's DMM of the compliance of RA imports with market rules or expectations."¹ DMM concurs with the need for a transparent and enforceable set of RA requirements for non-resource specific import RA resources.

Non-dynamic non-resource specific imports do not have the same must offer obligation as internal resources, under current RA regulations. Non-dynamic non-resource specific resource adequacy resources are not required to bid in all hours of the day-ahead IFM. The bidding requirement is limited by inter-temporal constraints such as multi-hour run blocks or contractual limitations. As stated in section 40.6.8.1.6 (Subset-of-Hours contracts) of the ISO's tariff:

The CAISO will submit Generated Bids for non-Resource-Specific System Resources that provide Resource Adequacy Capacity subject to a Subset-of-Hours Contract during only those hours in which the resource is contractually obligated to make the Resource Adequacy Capacity available and the CAISO has not received either notification of an Outage or a Bid for such capacity. If the Scheduling Coordinator for the non-Resource Specific System Resource submits a Bid for part of the Resource Adequacy Capacity subject to a Subset-of-Hours Contract for any hour the resource is contractually obligated to provide the Resource Adequacy Capacity, the CAISO will insert a Generated Bid only for the remaining Resource Adequacy Capacity.

In addition, non-resource specific resource adequacy imports used to meet resource adequacy obligations are required to bid in the day-ahead market, but are not subject to any limits on bid price and do not have any must-offer obligation in real-time if not accepted in the day-ahead market. Internal resources either capable of starting in real-time or incrementing from day-ahead schedules are required to bid available RA capacity in real-time.

¹ Second Revised Straw Proposal p11. <http://www.caiso.com/Documents/SecondRevisedStrawProposal-RegionalResourceAdequacy.pdf>

RAAIM penalties are not structured to incentivize performance of non-resource specific import resources as strictly as internal resources. RAAIM penalties are based on bidding behavior alone; these penalties do not take tagging into account. An import RA resource with a cleared bid may choose to tag a portion of a cleared bid, or none at all. The scheduling coordinator of an import that fails to tag can be subject to the intertie schedules decline charge (charge code 6645), a monthly penalty, but will not be subject to RAAIM.²

Finally, internal resources can be exceptionally dispatched when required for system reliability requirements; non-resource specific import RA resources cannot. Internal resources without RA obligations can also be exceptionally dispatched.

5. Uniform counting rules proposal

No Comment.

² Further information on the current intertie schedules decline charge is available in the BPM - CG CC 6455 Intertie Schedules Decline Charges_5.3 available here: https://bpmcm.caiso.com/BPM%20Document%20Library/Settlements%20and%20Billing/Configuration%20Guides/HASP-RT/BPM%20-%20CG%20CC%206455%20Intertie%20Schedules%20Decline%20Charges_5.3.doc