

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative – Load Forecasting Working Group, June 22, 2016

Submitted by	Company	Date Submitted
Jesse E. Cowell (503) 241-7242 Bradley G. Mullins (503) 954-2852	The Industrial Customers of Northwest Utilities	July 12, 2016

This template has been created for submission of stakeholder comments on Load Forecasting Working Group for the Regional Resource Adequacy initiative that was held on June 22, 2016. Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **July 12, 2016**.

Please provide feedback on the Regional RA Load Forecasting Working Group:

1. Current Load Forecasting Capabilities and Practices:

- a. Please provide comments and any additional information that you wish to share in order to describe your organization's current load forecasting practices and capabilities in order for the ISO and other stakeholders to understand the differences in current practices amongst LSEs.
- b. Do you believe that your organization could support an hourly load forecasting proposal as previously described in the ISO's Second Revised Straw Proposal?

2. Coincident Peak Forecasting Methodology Options

If the ISO proposed to require LSE specific forecasts for only the 12 monthly peaks, there would be a need to adjust individual forecasts to determine the coincidence peak contribution in order to capture the benefits of load diversity. In order to determine the annual and monthly RA requirements for individual LSEs and recognize the benefit of load diversity in an expanded BAA the ISO is considering some options and requests stakeholder feedback on the following options:

- a. Option 1) Allowing individual LSEs (or local/state forecasting agencies, including the CEC for California LSEs) to have the ability to provide both their Non Coincident Forecasts (no coincidence adjustment) and Coincident Peak Forecasts to the ISO (no ISO specified Coincidence Factor methodology, LSEs can utilize coincidence forecast calculation method suited for their needs individually, and this option is still subject to ISO coincidence method guidelines that would be provided, as well as ISO review).
 - i. Please indicate if your organization supports or opposes an approach of providing flexibility in the coincidence forecasting methodologies.
 - ii. Also, if your organization would support or oppose this approach, please describe why this option is preferable or not to your organization.
 - b. Option 2) Requiring individual LSEs (or local/state forecasting agencies, including the CEC for California LSEs) to have the ability to only provide their Non Coincident Forecasts (no coincidence adjustment) and the ISO would apply a specified Coincidence Factor formula to all individual LSE load forecast submittals uniformly in order to determine the Coincidence Peak forecasts for individual LSEs (ISO specified Coincident Factor methodology with actual formula to be determined through this stakeholder process).
 - i. Please indicate if your organization supports or opposes an approach of the ISO utilizing a predetermined coincidence factor methodology.
 - ii. Also, if your organization would support or oppose this approach, please describe why this option is preferable or not to your organization.
 - c. If your organization does not support any of these potential options and believes there are other possible proposals that the ISO should consider please provide a detailed description of an alternative approach.
3. Please provide any additional comments on the load forecasting working group and proposal.

Comments on the Load Forecasting Working Group

The Industrial Customers of Northwest Utilities (“ICNU”) appreciates this opportunity to comment on the California Independent System Operator’s (the “ISO”) June 22, 2016 Load Forecasting Working Group for the Regional Resource Adequacy (“RA”) initiative.

As noted in prior comments, ICNU has not necessarily concluded that integration into the ISO of PacifiCorp or any other particular entity will be beneficial to large power consumers. In order to form such a conclusion, it would be necessary to find, among other things, that: 1) joining the market will result in no harm to customers of PacifiCorp or other potential new Participating Transmission Owners (“PTOs”); and 2) any incremental benefits associated with the market are shared equitably between market participants. ICNU looks forward to further analysis to determine if such a showing can be reached.

1. Current Load Forecasting Capabilities and Practices

The “ISO is strongly considering revisiting the previous[] proposal to require only monthly peak submittals,”^{1/} in lieu of the hourly load forecast proposal of the Second Revised Straw Proposal. Ideally, ICNU might support the ISO’s hourly load forecast proposal because it “would eliminate the need to develop a specific coincidence factor methodology” at a regional system operator (“RSO”) level.^{2/} In prior comments, ICNU favored the exploration of a zonal RA construct and, in conjunction with this approach, ICNU had been generally unsupportive of the ISO’s proposed use of a coincidence factor to adjust the load forecasts of the respective load serving entities (“LSEs”).^{3/} However, if the ISO were to “revisit the need to only require monthly peak load forecasts,” this “would also reopen the need for a coincidence factor adjustment methodology to apply to those monthly forecasts.”^{4/}

Nevertheless, given that the ISO is no longer planning to explore a zonal RA construct, and in light of the practical difficulties which may attend hourly load forecasting, ICNU does not necessarily oppose continued examination of monthly peak load forecasting.

2. Coincident Peak Forecasting Methodology Options

If the ISO opts to follow the previous monthly-only forecasting proposal, then ICNU expresses a strong preference for the proposed “Option 1” methodology. As described by the ISO, the “MISO approach” allows LSEs to determine their own coincidence factor methodology, with benefits including: 1) “Flexibility for LSE to choose coincidence method”; 2) allowance for local regulatory authorities (“LRAs”) “to continue to use their current methods” for forecasting; and 3) a potential “solution for unique loads.”^{5/} All three of these features—i.e., flexibility, deference to LRAs, and accommodation of individual LSE needs—were identified as favorable in prior comments: “ICNU believes it would be appropriate for the ISO to allow for maximum flexibility for LSEs to perform load forecasting in a manner consistent with the individual needs of LSEs and in conjunction with customary LRA review and approval processes.”^{6/}

^{1/} Agenda and Presentation, RA Load Forecasting Stakeholder Working Group, June 22, 2016 (“June 22nd Presentation”) at 5.

^{2/} Second Revised RA Straw Proposal at 12.

^{3/} ICNU Comments on Revised RA Straw Proposal at 3.

^{4/} Second Revised RA Straw Proposal at 13.

^{5/} June 22nd Presentation at 7.

^{6/} ICNU Comments on Revised RA Straw Proposal at 3.

Conversely, ICNU does not support “Option 2,” in which an RSO would apply a specified and predetermined coincidence factor formula to all individual LSE load forecasts. As previously explained, “having the ISO specify the criteria type and processes that should be used in load forecasting, seems less efficient and implicates concerns over diminished state regulatory authority.”^{7/} Moreover, the ISO itself recognizes that an approach in which the RSO both calculates and applies a coincidence factor adjustment removes flexibility for individual LSEs, in spite of the fact that each LSE is “in [the] best position to deal with changing local peak hours.”^{8/} Given that the ISO also “continues to believe flexibility for [load forecasting] submittals is appropriate,”^{9/} Option 2 should be rejected.

3. Additional Comments

The ISO reaffirmed that an RSO “[m]ay request LSE’s to make adjustments” to load forecasts, and “may request [that an] LSE resubmit [an] amended forecast or adjust submitted forecasts.”^{10/} ICNU is still uncertain whether the “request” phrasing used by the ISO in the recent Load Forecasting Working Group, as well as in the Second Revised Straw Proposal, signifies a future tariff mandate or an elective request that an LSE could simply decline, without penalty. Thus, ICNU again requests, in the next written RA proposal, “that the ISO clarify whether a future RSO would have power, under the tariff, to require LSEs to make load forecasting adjustments.”^{11/}

^{7/} Id. at 3.

^{8/} June 22nd Presentation at 9.

^{9/} Id. at 11.

^{10/} Id. at 12-13.

^{11/} ICNU Comments on Second Revised RA Straw Proposal at 3 n.6.