



May 4, 2016

Submitted to the CAISO at [initiativecomments@CAISO.com](mailto:initiativecomments@CAISO.com) by Rachel Gold (Policy Director) and Susan Schneider (Consultant)

**RE: Comments of the Large-scale Solar Association on Regional Resource Adequacy  
Revised Straw Proposal**

The Large-scale Solar Association (LSA) hereby submits these comments on the CAISO's Revised Straw Proposal (Proposal) in its Regional Resource Adequacy (RA) initiative. This initiative is one of several CAISO initiatives to facilitate its potential future regional expansion through incorporation of other western grid entities as Participating Transmission Owners (PTOs). PacifiCorp (PC) has expressed interest in becoming a PTO and may be the first entity outside the current CAISO "footprint" to which the Proposal would apply.

Among other things, the Proposal supports: (1) establishment of new Zonal RA Requirements; and (2) use of uniform RA counting rules for generation resources in a Regional ISO (RISO) annual reliability assessment that would determine whether sufficient resources were procured by Load-Serving Entities (LSEs) to ensure system, zonal, and local reliability.

LSA's comments on the Proposal address these two aspects of the proposed RISO RA framework. LSA's recommendations in these areas are as follows:

- Conduct further analysis to ensure that the proposed Zonal RAR structure would actually address the concerns raised by the earlier-proposed Path 26 methodology; and
- Retain the current Exceedance Methodology for solar and wind RA Resource counting until the CPUC completes its current review of the new Electric Load Carrying Capacity (ELCC) methodology, then decide whether and how the counting rules should be revised.

These comments are explained further below.

**Zonal RAR structure**

The Proposal would initially establish four zones: North of Path 26 (NP26), South of Path 26 (SP26), PacifiCorp West (PACW), and PacifiCorp East (PACE). Zonal RA Requirements (RARs) – similar to Local RA Requirements – would be set for LSEs serving load in each zone, using peak load and simultaneous import capability into the zone (Zonal Import Limit (ZIL)) to derive the amount of RA Capacity that must be located in the zone. The obligation to acquire that RA capacity would be allocated to LSEs proportional to the load they serve in that zone.

System RA contracting by LSEs outside a zone with resources inside a zone (referred to as "netting") would reduce the Zonal RA Requirement. For example, a PC-area LSE contracting for 100 MW of System RA with an NP26 resource would reduce the NP26 Zonal RA Requirement allocated to LSEs serving NP26 loads by 100 MW.

The presentation at the April 21<sup>st</sup> Regional RA stakeholder meeting stated that the CAISO's switch from the Path 26 counting methodology to a zonal approach was made out of concern that retaining the Path 26 methodology, and applying it to interfaces with new PTO entities, could:

- **Impact current Path 26 RA allocations** by requiring allocations to “new entrants” (e.g., PC-area LSEs wanting to procure RA Resources in southern California), thus impairing the ability of current LSEs to use their contracted resources in other areas; and
- **Greatly increase complexity**, e.g., if a southern California LSE wants to procure RA Resources in the PACW area, it would need counting rights on both Path 26 and the PG&E-PC interface, and it's not clear how those rights would interact.

However, the CAISO indicated during the meeting discussion that it does not yet know whether the new approach might also impair current Path 26 counting rights and, if so, whether there should be some kind of transitional/grandfathering mechanism to mitigate or avoid that problem. In addition, PG&E and others expressed concerns that the new approach might not be any less complex than the prior one.

LSA asks that CAISO provide further details (including examples) comparing the new approach to the prior one, to illustrate its concerns with the latter and demonstrate the benefits of the former.

### **Counting methodology for solar and wind resources**

The Proposal describes two solar/wind RA counting methodologies that could be used in the proposed RISO reliability assessment – Exceedance and Electric Load Carrying Capacity (ELCC). LSA supports the use of uniform counting methodologies in the RISO reliability assessment and urges the CAISO to continue to rely on the Exceedance methodology at this time for that assessment.

First, as the CAISO stated in the Straw Proposal, the Exceedance methodology – which has been developed and refined over many years – has worked well and continues to do so. It is simple and already widely used throughout the current CAISO footprint.

Second, as LSA stated in its comments on the Straw Proposal, the CPUC's ELCC methodology is simply not sufficiently developed yet for the CAISO to determine by August-September of this year when or whether it should be applied in the RISO reliability assessment.

ELCC methodologies are complex, with significant variants across the United States, and they can be sensitive to input assumptions, among other issues. The CPUC is considering such complexities, including how ELCC should be applied to individual resources, in its Resource Adequacy proceeding (R. 14-10-010). However, significant issues, including how to develop monthly values, remain unresolved.

The Proposal allows LRAs like the CPUC to adopt RA counting rules that are different from the RISO rules. However, any CAISO adoption of ELCC for the RISO reliability assessment would have to resolve many of the same issues the CPUC rulemaking is already considering.

Rather than duplicate the CPUC's efforts (which the RISO implementation timeline would probably not allow in any case), the CAISO should use the Exceedance method initially and then consider the analysis and results of the CPUC rulemaking and/or other applicable ELCC methodologies in used by PC and its state regulators to determine its own policies regarding ELCC adoption.

Finally, as noted in LSA's last comments, adopting the simpler Exceedance methodology for RISO implementation will allow the CAISO to devote its scarce resources to other considerable work needed to implement the rest of the RA framework, including potentially significant efforts related to system and possible zonal Planning Reserve Margins (PRMs).