



October 27, 2016

Submitted to the CAISO at [initiativecomments@CAISO.com](mailto:initiativecomments@CAISO.com) by Shannon Eddy (Executive Director) and Susan Schneider (Consultant)

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

The Large-scale Solar Association (LSA) hereby submits these comments on the CAISO's September 29<sup>th</sup> Regional Resource Adequacy - Third Revised Straw Proposal (Proposal) for its Regional Resource Adequacy (RA) initiative, and the October 6<sup>th</sup> stakeholder meeting (Meeting) to discuss the Proposal.

Like the CAISO's earlier Regional RA proposals, the Proposal supports use of a system Planning Reserve Margin (PRM) and uniform RA counting rules for generation resources in a Regional ISO (RISO) monthly reliability assessment. That assessment would determine whether sufficient resources were procured by Load-Serving Entities (LSEs) to meet system, local, and flexible capacity requirements.

LSA supports that general framework. However, LSA has some concerns about the RA counting rules in this RISO reliability assessment, and in particular about the methodology for counting solar resources. Given the concerns of the CPUC and others about potential conflicts between the Proposal and state statutory authority and responsibility, LSA recommends the following revisions:

- **Additional deference to state authority:** The CAISO should better integrate the LSE RA designation submittals with the proposed backstop procurement provisions. Specifically, the CAISO should determine whether there is a collective deficiency (which would trigger potential backstop procurement) before issuing deficiency notices to specific LSEs that are in compliance with their Local Regulatory Authority (LRA) RA counting rules.
- **Transition to ELCC<sup>1</sup>:** The CAISO should consult more closely with the CPUC (and perhaps other LRAs) about overlap and conflicts in this major RA area. LSA is very concerned about the apparent lack of CAISO-CPUC coordination on the details and transition to ELCC, especially given concerns expressed by Commissioner Mike Florio at the October 17<sup>th</sup> CEC workshop on RISO governance regarding the CPUC's lead role under PUC Code 580 for the RA programs of its jurisdictional entities.

These recommendations are discussed further below.

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<sup>1</sup> Electric Load Carrying Capability, the methodology that the CAISO proposes to use for solar and wind resource RA determination.

### **Additional deference to state authority**

The Proposal (and the additional details provided by the CAISO at the Meeting) indicates that the sequence of RA adequacy determination would be something like this:

- LSEs provide their RA showings to the RISO
- The RISO performs its reliability assessment using its own RA counting rules and issues deficiency notices to LSEs according to RISO rules. The LSE has the option to cure the deficiency but does not yet know whether the RISO is deficient (i.e., whether it could incur backstop-capacity procurement costs if the deficiency is not cured).
- The RISO determines whether it is resource-deficient overall and provides cure opportunities if there are collective deficiencies.
- The RISO procures backstop capacity if a collective deficiency is not cured.

There are several problems with this sequencing.

First, in general, the RISO should not care whether some LSEs are “leaning” on others (based on its own RA rules) if it has sufficient RA capacity overall and in Local Capacity Areas (LCAs). If all LSEs follow their LRA-adopted RA rules, and the result is that sufficient resources are procured to satisfy RISO needs (as determined in its own reliability assessment), then no RISO backstop RA procurement is needed to maintain reliable service to loads.

Thus, there is no particular reason why the RISO cannot let LRAs continue to set their own RA procurement rules for jurisdictional LSEs as long as the RISO needs are met. There is no need for the RISO to interfere with or undermine that authority under those conditions.

Second, the Proposal would force an LSE that is fully compliant with its LRA RA rules to procure additional RA, even if the RISO system and/or LCA is not deficient, or risk an additional cost assignment later. It is wasteful to impose additional RA acquisition requirements if the additional RA is not needed.

Instead, the RISO should do the following:

- Determine whether LSEs are compliant with their LRA procurement requirements and issue deficiency notices (and notices to the applicable LRAs) on that basis.
- Perform the RISO reliability assessment, to determine whether backstop procurement is likely to be needed.
  - If not, the LSE deficiencies under LRA rules (and any penalties for those deficiencies) would be left to the deficient LSEs and their LRAs to address.
  - If so, the then proceed to issue deficiency notices to LSEs based on its own RA rules, and implement cure opportunities and determine potential cost responsibility at that point.

LSA believes that this revised sequencing would preserve LRA authority over RA programs generally (potentially including CPUC authority under PUC Code 380) while ensuring that the RISO has sufficient RA resources to maintain system and local reliability.

## **Transition to ELCC**

As LSA's past comments have pointed out, application of the ELCC methodology is highly complex, and the CPUC has been working on the details for more than two years. Many issues remain unresolved (including the numerous issues detailed in LSA's last comments), and applying this methodology to the larger RISO footprint would raise additional issues and yield different results even with the same methodological approach. Moreover, as others pointed out at the Meeting, the RISO PRM is a key input to ELCC application, and that parameter is still to be developed in a separate stakeholder process.

LSA is most concerned that the CAISO and CPUC do not appear to have discussed the timing, methodology, and/or transitional details of developing and implementing ELCC on a RISO level. It would be impractical to have two separate, overlapping, and potentially inconsistent efforts.

Instead, the CAISO and CPUC (and possibly other potential RISO LRAs) should develop a collaborative and consolidated approach that avoids wasting scarce resources (of these entities, and also stakeholders) and completes the necessary work in the time allowed.