

Stakeholder Comments Template

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

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on Working Group for the Regional Resource Adequacy initiative that was held on July 21, 2016 and covered the topics of Maximum Import Capability, Imports for RA issues, and Uniform Counting Rules. Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **July 29, 2016**.

Please provide feedback on the July 21 Regional RA Working Group:

Middle River Power, LLC appreciates the opportunity to submit comments related to the topics discussed at the July 21 Regional RA Working Group. We restrict our comments to issue 5(a), related to the proposal for uniform counting rules.

5. Uniform counting rules proposal

- a. **Do you agree with the ISOs proposal to use the Pmax methodology for most thermal resources and participating hydro? If not please specify, why not? Are there elements of this methodology that require additional detail prior to a policy filing?**

No, Middle River Power does not agree with the proposal to use Pmax methodology for most thermal resources. Middle River Power believes that the methodology should be Net Qualifying Capacity (NQC) instead. For most resources, there is a material disparity between Pmax and NQC. While it is possible for clean and new resources to perform a Pmax test on a cold winter day and achieve a high Pmax, that result is of little value to the grid in late afternoon or early evening on hot summer days. If Pmax is used rather than NQC, the

system will see higher levels of RA capacity than can be relied upon during peak and stressed conditions. The issue becomes more apparent when you factor in degradation. Depending on where a unit is in its major maintenance cycle, the NQC values can also be overstated based on the unit's possible performance when de-rates are taken into account.

If CAISO switches from NQC to Pmax across the regional footprint, it will further erode the RA capacity value. For reliability purposes, CAISO should be tightening up its definition and enforcement policy for NQC and base it on an average actual stated availability (using CAISO's Outage Management System) to verify what resources are actually providing capacity-wise during the system peak and system stress conditions.

It may also make sense to add some metric to account for transmission losses from the resources' Pmax or NQC for all RA resources outside of the CAISO footprint. In other words, if a resource is supplying capacity from Idaho for California RA, it should not be able to use a Pmax/NQC value equivalent to a resource located in Southern California. To make it fair for all resources in the regional market, CAISO could pick a "reference bus within the CAISO footprint," as CAISO does in the daily nodal markets to establish or calculate losses for each resource.