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Comments of Northern California Power Agency Flexible Resource Adequacy Criteria and Must-Offer Obligation Draft Final Proposal

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Northern California Power Agency (“NCPA”) is pleased to have the opportunity to comment on the CAISO’s Draft Final Proposal regarding Flexible Resource Adequacy Criteria and Must-Offer Obligation (“FRAC-MOO”), and comments as follows.

Flexible Capacity Categories

CAISO's proposal to consolidate the flexible capacity categories into “Base,” “Peak,” and “Super-Peak,” is an improvement over the four-category approach proposed in the Fifth Revised Straw Proposal. In particular, NCPA supports the definition of Base flexibility which includes any resource that can make economic bids from 5:00 am to 10:00 pm, meet minimum start requirements, and provide at least six hours of energy at its full EFC. The definition is appropriately based on the specific operating characteristics and capabilities of resources, and properly recognizes that some use-limited resources can be used to meet the ISO's need for flexible capacity. Compared to the previous straw proposal, CAISO's revised flexible capacity categories will reduce the complexity of FRAC-MOO and increase the pool of resources available for bilateral purchases of Base flexibility.

NCPA also appreciates CAISO's clarification (at pg 29) that a single resource will be allowed to provide flexible capacity in more than one category, and that an LSE can select which category its resources belongs to (as long as the resources meet the requirements of the category). This clarification properly recognizes that some resources have different operating characteristics at different operating ranges.

Allocation of Flexible Capacity Requirements

NCPA continues to support CAISO's proposed allocation of flexible capacity requirements, including CAISO's recognition that the Tariff already requires MSS load-following LSEs to match their generation with their load in each settlement interval, and CAISO’s rejection of the alternative cost allocation proposal from PG&E. NCPA agrees with CAISO that the alternate does not reflect the principles of cost causation.