

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:

1. Maximum Import Capability (MIC) calculation methodology proposal

- a. Do you support the ISO's proposal to modify the methodology for calculating the MIC values in an expanded BAA for use in limited circumstances to reflect situations where a PTO that joins the ISO has a need to serve its peak load that occurs non-simultaneously with the rest of the system and when there are no simultaneous constraints between certain areas of an expanded ISO BAA? If not, why not?

At the July 21 Working Group, CAISO emphasized that the current MIC process considers and protects existing contractual rights and pre-existing commitments, and that CAISO will continue to do so under the new proposal. (CAISO Slide 4). NCPA appreciates that emphasis, and agrees that any changes to the MIC process must retain this essential feature.

At this time, NCPA has no other comments on CAISO's proposal to modify the MIC process.

- b. Do you support a transition period or transitional mechanism for this MIC calculation proposal?

See Answer 1.a, above.

- c. Please provide any further details or positions on the ISO's proposal to modify the methodology for calculating the MIC values in an expanded BAA.

See Answer 1.a, above.

2. MIC allocation methodology proposal

- a. Do you support the ISO's proposal to modify the methodology for allocating the MIC to LSEs in an expanded BAA, in order to limit initial allocations of MIC capability to particular sub-regions of ISO that would be defined by the Regional TAC Options sub-regions? If not, why not?

See Answer 1.a, above.

- b. Do you agree that splitting of the initial MIC allocations among sub-regions, combined with the ability to bilaterally transfer MIC between the Regional TAC Options sub-regions and the final Step 13 ability to nominate any remaining MIC anywhere in the footprint will properly balance MIC allocation method needs for an expanded BAA? If not, why not?

See Answer 1.a, above.

- c. Do you support a transition period or transitional mechanism for this MIC allocation proposal?

See Answer 1.a, above.

- d. Please provide any further details or positions on the ISO's proposal to modify the methodology for allocating MIC in an expanded BAA.

See Answer 1.a, above.

3. Substitution of internal Resource Adequacy resources with external resources

- a. Do you support the ISO's proposal to allow external resources to substitute for internal RA resources experiencing outage requiring substitution?

Yes, except that CAISO should remove the condition that the substituting external resource must have "similar operating characteristics" as the outage resource.

- b. Do you believe that one of the conditions of allowing external resource to substitute for internal RA resources should be that the external resource has similar operating characteristics of the outage resource? If so, how would the ISO determine the external resource substitute has similar characteristics?

No. As explained in NCPA's June 14, 2016 stakeholder comments in this initiative, and as recognized by CAISO at the July 21 Working Group, this condition is unnecessary and would be difficult to implement. CAISO should be agnostic as to the type of resource (and its associated operating characteristics) that is being used as a substitute, so long as the substituted resource meets the criteria for providing the type of RA for which it is being substituted.

- c. Please provide any further details or positions on substitution of internal Resource Adequacy (RA) resources with external resources.

NCPA has no additional comments at this time.

4. Import resources that qualify for Resource Adequacy

- a. Do you agree that the rules for import resources qualifying for RA should be clarified in order to remove ambiguity from the Tariff?

No, for two reasons. NCPA maintains its ongoing objection to the CAISO's intention to replace the current RA program that allows each LRA to establish rules for its jurisdictional LSEs, as to what resources qualify for system RA. As explained in our March 16, 2016 stakeholder comments in this initiative, NCPA strongly opposes any infringement upon the jurisdiction of LRAs. The current deference allowing local jurisdictional authorities to establish programs for their respective LSEs is a key element to the success of the overall program. Each LSE may have unique resources, planning and procurement strategies and requirements that are driven by the needs of their customers and other conditions, such as environmental goals. There is no reason for CAISO to assume that LRAs outside of the current CAISO footprint are any less responsible than those within the current footprint.

The second reason is that NCPA does not view the current default tariff provisions as problematic. Both dynamic and non-dynamic system resources are currently permitted to provide RA to LSEs within the current CAISO footprint, and there is no reason why they cannot do the same if the footprint is expanded. CAISO's RAAIM penalty structure affords LSEs strong incentives to designate for RA purposes only resources in which they have confidence will be scheduled and delivered. For example, if an LSE fails to submit a Bid to import energy into the CAISO sourced from a system resource, which system resource will be subject to RAAIM penalties. The existing flexibility to obtain RA from both dynamic and non-dynamic system resources enables LSEs to provide RA at reasonable cost, and there is no reason why they should not continue to do so in the future, especially with a strong RAAIM penalty structure to prevent abuse of the system.

- b. Do you believe that there should be a role for bilateral spot market energy purchases or short-term firm market energy purchases procured outside of the ISO BAA to qualify for RA meet a portion of an LSE's requirements? If so, why? If not, why not?

NCPA agrees that bilateral spot market energy purchases or short-term firm energy purchases procured outside of the ISO BAA could provide RA. NCPA further notes that the same rules for eligibility to provide RA should apply to bilateral spot market energy purchases or short-term firm market energy purchases procured inside or outside the BAA, so long as they are consistent with LRA requirements.

LSEs already have a strong incentive to ensure that any resources, including short-term firm imports, are actually available to CAISO. If an LSE's RA capacity is not available, the LSE will suffer significant RAAIM penalties. The RAAIM therefore strongly discourages LSEs from relying on imports that are not sufficiently firm.

- i. If you believe that some types of energy-only transactions should qualify for RA purposes, should there be a limit or cap on the volume that individual LSEs could utilize those resources for RA purposes?

NCPA believes that the MIC process already imposes a sufficient limitation on the amount of imports that an individual LSE could utilize for RA purposes. There is no need (and no clear analytical basis) for imposing any other limit or cap.

- ii. How could the ISO actually analyze the reliability that would be provided with various levels of these energy transactions being used to meet RA requirements?

See Answer 4.b.i, above.

- c. Please provide any further details or positions on import resources qualifying for RA purposes.

NCPA has no additional comments at this time.

5. Uniform counting rules proposal

CAISO's current proposal to impose uniform counting rules on all LSEs violates a fundamental tenet of the RA program that has worked well for years. NCPA disagrees with CAISO's claim that "LRAs may develop their own counting rules for state policy objectives." (CAISO Slide 37). By imposing mandatory uniform counting rules through the Reliability Assessment, CAISO effectively precludes LRAs from adopting different counting rules for their LSEs (unless an LRA were to direct its LSEs to procure RA capacity twice (at twice the cost)—once to meet CAISO's Reliability Assessment and once to meet the LRA's policy goals. NCPA strongly urges CAISO to harmonize its reliability mandate with LRAs' policy objectives—which include keeping the lights on—by maintaining the existing policy of providing standard default counting criteria, but also allowing LRAs to establish counting criteria for their LSEs.

- 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?

If CAISO proceeds with its proposal to impose uniform counting rules, NCPA would agree that the Pmax methodology is an appropriate way to calculate a thermal or pond storage hydro resource's qualifying capacity.

- b. Do you agree with the ISOs proposal to use ELCC to establish the capacity values for wind and solar resources? If not, please specify why not. Are there elements that require additional detail prior to a policy filing?

NCPA has no additional comments at this time.

- c. Are there any elements of an ELCC methodology that must be established prior to the ISOs policy filing?

NCPA has no additional comments at this time.

- d. Do you agree with the ISOs proposal to use the historical methodology for run-of-the-river hydro, and Qualifying Facilities including Combined Heat and Power? If not please specify, why not? Are there elements of this methodology that require additional detail prior to a policy filing?

NCPA has no additional comments at this time.

- e. Do you agree with the ISOs proposal to use the registered capacity value methodology for load based capacity products such as PDR, RDRR, and Participating Load? If not please specify, why not? Are there elements of this methodology that require additional detail prior to a policy filing?

NCPA has no additional comments at this time.

- f. Do you agree with the ISOs proposal to use the registered capacity value methodology for Non-Generator Resources (NGR) and pumped hydro? If not please specify, why not? Are there elements of this methodology that require additional detail prior to a policy filing?

NCPA has no additional comments at this time.

- g. Are there any additional uniform counting rules that should be developed prior to the ISOs policy filing?

NCPA has no additional comments at this time.