

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the Draft Regional Framework Proposal for the Regional Resource Adequacy initiative that was posted on December 1, 2016. Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **January 4, 2017**.

Please provide feedback on the Regional RA Draft Regional Framework Proposal below.

The ISO is especially interested in receiving feedback that indicates if your organization supports particular aspects of the proposal. Alternatively, if your organization does not support particular aspects of the proposal, please indicate why your organization does not support those aspects.

NIPPC offers the following comments to the Regional RA Draft Regional Framework Proposal.

Section 5.4 Requirements for RA Imports.

In its comments to prior versions of the Regional Resource Adequacy proposals, NIPPC has consistently objected to allowing short term bilateral market purchases to qualify for resource adequacy. NIPPC does not support the current proposal which would allow a load serving entity to meet up to 10% of its total system resource adequacy requirement with short term purchases executed after the due date of the resource adequacy showing.

NIPPC recognizes that some potential new members of an expanded ISO footprint currently use market purchases to meet their capacity requirements. That decision may be rational under current market conditions where some regions have surplus capacity available in the short term markets. However, as market conditions change (i.e through generating resource retirements, or changing hydro conditions) that surplus may not always be available.

NIPPC has always been open to allowing new ISO participants a transition period to reduce their reliance on short term market purchases to meet their resource adequacy needs. The CAISO's Draft Regional Framework Proposal does not establish a transition period but would allow load serving entities to rely indefinitely on the short term market for their resource adequacy needs. Accordingly, NIPPC does not support Section 5.4.

NIPPC believes that enhanced penalties or increased reporting obligations are not an adequate substitute for simply requiring load serving entities to make their resource adequacy showings with specific resources. Furthermore, the CAISO proposes to “apply a more forceful non-performance penalty to all non-performing resource adequacy resources during those situations, including both internal and external resources.” These more forceful non-performance penalties should be imposed in the first instance upon the load serving entity which relied on the short term market purchase not the seller under the contract. The load serving entity and seller of the short term contract should be allowed to agree to allocate penalties between them; but a seller in the spot market should not unwittingly take on a risk of enhanced non-performance penalties.

Section 5.5.2 External Resource Substitution for Internal Resources

In comments on earlier versions of this proposal, NIPPC supported the CAISO proposal to allow external resources to substitute for internal resources when specified criteria were met. NIPPC also supported the ISO's proposed criteria for allowing substitution of an external resource when; 1) The substituted resource has similar operating characteristics to the outage resource; 2) the substitute resource has sufficient MIC allocation; and 3) the substitute resource has the capability to fulfill the must-offer obligation of the outage resource.

NIPPC does not support the current proposal to eliminate the third requirement — that the substitute resource has the capability to fulfill the must-offer obligation of the outage resource. NIPPC does not agree that a 5X8 or 5X16 contract is an adequate substitute for a 24X7 resource. As the CAISO notes 5X8 and 5X16 contracts are required to meet must-offer obligations only during specified hours. If the CAISO requires a resource to be available 24X7 for resource adequacy needs, it makes no sense to allow that resource to be substituted with an import that is available for fewer hours.