California ISO

Stakeholder Comments Template

RA Enhancements

Submitted by	Organization	Date Submitted
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The Public Advocates Office at the California Public Utiliites Commission formerly the Office of Ratepayer Advocates,[1] submits comments on the Resource Adequacy (RA) Enhancements Issue Paper.

Scoping Items

The ISO has identified the following items for the initial scope of this stakeholder process. Please provide comments on each of the scoping items.

1. **RA Counting and Eligibility Rules**

   a. **System RA**

   The ISO proposes to review the resource adequacy counting and eligibility provisions related to RA resource Net Qualifying Capacity (NQC) adjustments in this initiative, including a review of the application of Effective Forced Outage Rate (EFOR) performance criteria and accompanying NQC reductions and a review and clarification of RA counting rules for RA resources. Please provide comments on this scope.

      Comments:

CAISO should explain how existing planning standards do or do not capture its proposed changes for NQC adjustments to demonstrate whether any changes are warranted. For example, CAISO should address how outages are considered in the development of the planning reserve margin and operating reserves. If CAISO seeks to introduce criteria that are already considered, it should explain why a change is necessary. The CAISO's review will provide assurance that performance criteria will not be applied multiple times

In subsequent iterations of the proposal, CAISO should also explain whether and how changes in other sections of the proposal would impact RA counting and eligibility rules.

   b. **Flexible RA**

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[1] The Office of Ratepayer Advocates was renamed the Public Advocates Office of the Public Utilities Commission pursuant to Senate Bill No. 854, which was signed by the Governor on June 27, 2018 (Chapter 51, Statutes of 2018).

The ISO proposes to continue exploring enhanced flexible RA counting rules started in the FRACMOO2 stakeholder process. More specifically, the ISO will continue assessing the operational capabilities required from the fleet to align with both the Day-Ahead Market Enhancements (DAME) and the Extended Day Ahead Market (EDAM) and what flexible RA counting rule changes may be needed. Please provide comments on this scope.

> **Comments:**

No Comment

2. Review of Resource Adequacy Import Capability Provisions

The ISO proposes to conduct a comprehensive review of the ISO's Import Capability provisions, including; calculation methodologies, allocation process, and reassignment/trading provisions. The ISO believes that it may also be necessary to consider multi-year assessments and allocations. Please provide comments on this scope.

> **Comments:**

No Comment

3. Rules for RA imports

The ISO proposes to include a review of RA import rules and provisions in the scope of this initiative, including a reassessment of the requirements and rules for the sources behind RA imports. Please provide comments on this scope.

> **Comments:**

CAISO's issue paper raises the issue of how import RA can satisfy their RA must offer obligation by routinely bidding high prices in the day-ahead market to ensure they do not clear the market so they are no longer required to bid in the real-time market.[2] The Department of Market Monitoring's (DMM) September 2018 special report on imports shows an increasing trend for imports to bid high prices that do not clear the day-ahead market.[3] CAISO states that price caps are out of scope in this initiative but it is too early to assume that the issue can be resolved without price caps. CAISO should consider the costs and benefits of all potential solutions in its review of RA import rules instead of prematurely rejecting the use of price caps.

4. Must Offer Obligations, Substitution Rules, and RAAIM

The ISO proposes to include a review of the following set of issues as a part of this stakeholder initiative; need for substitution rules and RAAIM, developing an

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[2] Issue Paper, p. 9.
[3] DMM Import Resource Adequacy report, September 10, 2018, p. 2.

emergency or event based RAAIM trigger, and must offer obligations for RA imports. Please provide comments on this scope.

> **Comments:**

No Comment

5. System and Flexible Capacity Assessments and Adequacy Tests

As part of this stakeholder initiative, the ISO is considering a new tool to assess the adequacy of the system and flexible RA fleet. Please provide comments on this scope.

> **Comments:**

No Comment

6. Meeting Local RA Needs

a. Local capacity assessments with availability limited resources

As part of this stakeholder initiative the ISO proposes to enhance the ISO's local capacity technical analysis to assess the impact of availability limited resources on local capacity needs. Please provide comments on this proposed scope.

> **Comments:**

The Public Advocates Office supports inclusion of studies in the local capacity technical analysis that would prospectively define how use-limited resources would most effectively address local reliability needs. This information would help inform resource development, ensuring that developers build resources capable of effectively mitigating local reliability needs. More information on how use-limited resources can meet local reliability needs will also help integrated resource planning by defining the specific load shapes of different areas to determine how existing resources could be retired or new resources could be procured while ensuring reliability.

b. Meeting local capacity needs with slow demand response

Through this initiative, the ISO proposes to explore how to best operationalize slow DR through pre-contingency dispatch so these resources can mitigate local reliability concerns and qualify for local RA. Please provide comments on this scope.

> **Comments:**

No Comment

7. CPM/RMR Review

Through this initiative, the ISO is planning to identify any needed changes to the capacity procurement mechanism (CPM) or reliability must run (RMR) mechanisms, particularly focusing on the existing cost allocation tools. Additionally, the ISO will specify the process for backstop procurement of essential reliability resources (ERRs) if they are not procured through the RA process. Please provide comments on this scope.

        Comments:

No Comment

Scope of Policy Examination

The ISO has identified the initial scope for this stakeholder process as the items listed above. Please provide comments on the proposed scope. If there are specific items not already identified by the ISO that you believe should be considered, please provide specific rationale for why the ISO should consider it as part of this initiative.

        Comments:

No Comment

Other

Please provide any comments not addressed above, including any comments on process or scope of the RA Enhancements initiative, here.

        Comments:

No Comment