



Comments of Pacific Gas & Electric Company

Regional Resource Adequacy – Straw Proposal

Submitted by	Company	Date Submitted
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Pacific Gas and Electric Company (PG&E) offers the following comments on the California Independent System Operator's (CAISO) Regional Resource Adequacy Straw Proposal.

PG&E appreciates the amount of work the CAISO has dedicated to educating regional entities on the existing rules for Resource Adequacy (RA) and how the CAISO works with Local Regulatory Authorities (LRAs) to administer the RA program. As part of this Regional RA Initiative, PG&E requests that the CAISO commit to creating a Resource Adequacy process that values simplicity.

At the March 2nd stakeholder meeting, CAISO staff described the draft as a framework and a proposal. The document does a good job of laying out the structure of a framework for a regional RA program that accommodates differences in LRA requirements, but also ensures overall system reliability and avoids regional differences from shifting costs.

As a proposal, the document is a first step, with many more details needed to adequately describe how the proposed process would actually work. At the stakeholder meeting, CAISO staff indicated that the CAISO intends to fill in those details prior to presenting the proposal to the CAISO Board of Governors (BOG). PG&E urges the CAISO to provide as much detail as possible on the workings of the proposed regional RA program before taking it to the CAISO board and filing tariff changes at FERC.

Many of the features of the existing RA program are incorporated into the CAISO's proposal. However, there are also many differences. Given the diversity of stakeholders, including those who may not be familiar with the existing RA program, the CAISO may want to provide greater clarity as to the features in the proposal that are common to the existing program and those that are new. The CAISO should provide greater detail regarding those features that will be new to the RA program. In particular, greater details on the load forecasting process, internal RA transfer capability constraints, and the reliability assessment would be helpful.

PG&E offers comments on three different topics:

- 1) Specific Aspects of the CAISO's Draft Framework;
- 2) Issues Discussed at the March 2nd Stakeholder Meeting; and
- 3) Other Relevant Issues.

Specific Aspects of the CAISO's Draft Framework

Load Forecasting

In the CAISO's Regional Resource Adequacy Straw Proposal, the CAISO indicates that it will need to develop a process to consolidate sources of load forecasting data. The CAISO also proposes that all Demand Response, Additional Achievable Energy Efficiency, and Distribution Generation should be included in an hourly load forecast.

PG&E agrees that a process needs to be developed for the CAISO to review and aggregate load forecast data. PG&E requests that the CAISO create a process to ensure that a consistent methodology is used for counting the reliability contributions of Demand Response, Additional Achievable Energy Efficiency, and Distribution Generation. An inconsistent load forecasting methodology has the same impact as inconsistent counting rules, which the CAISO has identified as a structural inconsistency that promotes capacity leaning.

Maximum Import Capability Methodology

The CAISO proposes to change the methodology for how Maximum Import Capability is determined to account for the possibility that "there are no simultaneous constraints between certain areas of an expanded ISO BAA and the areas peak at non-simultaneous times."¹

PG&E requests more information on the purpose of this change. The concept of "non-simultaneous base case studies" is difficult for us to understand in the context of a System RA requirement. PG&E also requires more information on how Maximum Import Capability values will be incorporated when internal RA Transfer Capability Constraints are calculated.

Issues Discussed at the March 2nd Stakeholder Meeting

Schedule

The schedule within the Regional RA straw proposal envisions approval from the Board of Governors at the June 28-29 BOG meeting. However, at the stakeholder meeting, CAISO staff indicated that it would re-evaluate the schedule following the meeting and stakeholder comments. In this regard, PG&E recommends greater specificity in the proposal be enumerated prior to consideration by the Board, given the novelty of these issues to many of the stakeholders that are likely to be affected by CAISO expansion. The CAISO should be as specific as possible regarding which features of the proposal will be specified in detail prior to BOG consideration. Such clarity should facilitate stakeholder discussion and lead to progress on the details needed for FERC approval.

Timelines

At the stakeholder meeting, there were requests for at least two different timelines to be provided by the CAISO. The first has to do with the expansion process. Stakeholders during the meeting indicated that the timeline provided by the CAISO on Slide 9 of the stakeholder presentation was not specific enough for stakeholders to assess how the various stakeholder processes will be staged and are inter-related to each other. It would be helpful if the CAISO could provide a more detailed timeline of the steps of the regional integration activities, and provide an indication of how the steps are related.

¹ CAISO Regional Resource Adequacy Straw Proposal, pg. 11

The second timeline requested was a timeline of the RA process. It would be helpful if the CAISO could propose a specific timeline of its various steps in the proposed RA process. The existing California process begins with load forecasts and data requests many months before the showings are made, requires multiple showings, including an annual showing and monthly showings, and culminates in CAISO's evaluation of capacity participation in the CAISO's short-term markets. Given the new features the CAISO is proposing, including the determination of path constraints and the reliability assessment, it would be helpful to see how the proposed RA process would flow. This should include the entire process from the development of requirements by LRAs through to the evaluation of the performance of the capacity via Resource Adequacy Availability Incentive Mechanism (RAAIM).

The CAISO plays an essential role in the existing California RA process; will the CAISO continue to provide the analysis and inputs for the CPUC to continue its process? Will the CAISO provide similar support to other LRAs to operate the LRA's RA programs?

The current timeline provided in the proposal and stakeholder presentation indicates that PacifiCorp would go-live with its full participation in January 2019. When does the CAISO propose to have these changes in the RA structure to take effect? Would it be sooner than January 2019? CAISO staff at the stakeholder meeting indicated that these changes would need to be made if any other LSE decided to join and were not dependent on PacifiCorp's decision. Is the CAISO planning to incorporate changes in the CPUC's RA program for 2017 and 2018, such as changes in the definition of flexibility, into its regional RA program?

Other Relevant Issues

Deliverability

The Regional RA Straw Proposal did not highlight the CAISO's role in determining the deliverability of resources. In the current California process, the CAISO determines the 'Net' in Net Qualifying Capacity by looking at the resource's ability to deliver its capacity. Will the CAISO continue to determine the deliverability for California resources for the CPUC? Will the CAISO also determine deliverability for non-California LRAs and LSEs? If so, how will this be incorporated into the LRAs' programs and into the CAISO's reliability assessment? For storage resources, PG&E believes the deliverability determination should include the ability of the storage resource to charge at the appropriate times, and not just discharge power to the grid.

Transparency

PG&E believes that a central aspect of the successful adoption of a Regional RA structure is to promote transparency in the CAISO's Reliability Assessment. The existing Capacity Procurement Mechanism process is complex and opaque. PG&E supports the CAISO providing a commitment in its Tariff to provide more information to market participants on the results of the CAISO's Reliability Assessments and what actions, if any, the CAISO takes as a result of these assessments. This information will provide market participants with greater clarity into what activities the CAISO must engage in as a result of the CAISO determination that a reliability need has not been met.