



www.publicgeneratingpool.com

Comments submitted by Laura Trolese, ltrolese@publicgeneratingpool.com, (360) 513-6465

CAISO 2017 Stakeholder Initiatives Catalog
Public Generating Pool Comments
September 29th, 2016

The Public Generating Pool (PGP) appreciates the opportunity to comment on the ISO's 2017 Stakeholder Initiatives Catalog. PGP is comprised of ten consumer-owned electric utilities located in Washington and Oregon. Collectively, PGP member utilities serve approximately two million people with a 6,000 MW utility-owned asset base that is 86% hydro and 96% carbon-free. Three of the PGP member utilities own and operate their own Balancing Authority Areas.

Initiatives to be Pursued

Below is a list of the initiatives in the draft catalog for which PGP recommends CAISO conduct a full stakeholder process. We have asked clarifying questions under some of the initiatives.

5.4 Flexible RA Criteria and Must Offer Obligation Phase 2 (I,D). In December 2015, the ISO put out a straw proposal on the Flexible Resource Adequacy Criteria and Must Offer Obligation Phase 2 (FRACMOO2) initiative, in which the ISO proposed to allow qualified 15-minute intertie resources to provide flexible RA capacity. PGP continues to support this proposal. Stakeholder comments were submitted on the straw proposal and stakeholders did not hear anything from the CAISO until July 2016, at which point the CAISO sent out a market notice that it is modifying the scope of the initiative. The new scope includes a holistic assessment of the existing flexible capacity product to be completed and the results to be made available in late Q3 or Q4 of 2016.

- What is the reason behind the ISO re-scoping this initiative?
- Will the proposal to allow qualified 15-minute intertie resources to provide flexible RA capacity be included in the re-scoping? If not, where and when will that be addressed?

10.1 Enhancing Participation of External Resources (D,E1). PGP strongly supports the ISO pursuing EIM enhancements to allow participation of resources in Balancing Authority Areas (BAAs) that have not joined the EIM. EIM external resource participation is an important issue for the region as it provides broad benefit for the CAISO, EIM Entities and non-EIM entity resources and loads alike. External resource participation provides the EIM access to flexible, low-carbon emitting resources, providing additional low-cost means to address over-supply, reduce renewables curtailments, and reduce costs for California and EIM entity consumers. For external resources, participating at the

Public Generating Pool

Chelan County PUD / Clark Public Utilities / Cowlitz County PUD / Eugene Water & Electric Board / Grant County PUD
Klickitat County PUD / Lewis County PUD / Pend Oreille County PUD / Snohomish County PUD / Tacoma Power

EIM interties provides new locations for those currently without transmission rights at the CAISO interties to offer resource capability into the CAISO real-time market and trade sub-hourly.

PGP was encouraged by the progress made with the CAISO advancing a set of guiding principles for EIM external resource participation at the August 4, 2016 Regional Issues Forum (RIF). However, the process to provide comment on the principles was unclear and not transparent. PGP provided comments to the RIF stakeholder liaisons, but it was unclear how the comments will be disseminated and processed, if they will get posted publicly and if all stakeholder were given opportunity to provide comment. PGP requests this initiative be given priority and that the CAISO begin a formal stakeholder process on this initiative by the end of calendar year 2016. PGP also requests that the stakeholder process begin with revisions to the CAISO's draft guiding principles, that all stakeholders be given the opportunity to comment on the principles and that all comments be posted publicly on the CAISO website.

- Will revisions to the CAISO's guiding principles be included as part of the initiative?
- Is this initiative different than initiative 10.6 Bidding Rules on External EIM Interties? If so, how are they different? If not, what was the reason behind listing the same initiative twice?

10.7 Changes to EIM Greenhouse Gas Design to Address Secondary Dispatch Leakage (D, E1). As predominantly carbon-free asset owners, the market signals, approach to dispatch, and ultimate compensation of carbon-free resources is an important consideration for PGP member utilities' participation in the EIM and other ISO markets. PGP supports the California Air Resources Board proposed compliance obligation for California EIM purchasers as an interim step, but believes the underlying cause of the emission leakage needs to be addressed in the EIM algorithm itself. PGP believes this initiative should be given priority and that while the EIM emission leakage has implications for a Regional ISO, PGP does not wish for the solution for the EIM to be delayed until a final approach for GHG accounting in the proposed Regional ISO is defined.

11.6 Flexible Ramping Product Enhancements (D). PGP supports the ISO pursuing enhancements to the design of the flexible ramping product. In particular, PGP supports the inclusion of day-ahead procurement of flexible ramping capability and expanding the flexible ramping product to longer time intervals in this initiative.

14.2 Review of Maximum Import Capability Methodology (D). PGP agrees that a holistic review of the MIC calculation and allocation methodology should take place prior to expansion of the ISO BAA. Improvements to the MIC framework, such as calculating and allocating MIC in such a way that it represents a reliability limit rather than creating an artificial limit, should be considered rather than simply extending elements of the existing California RA framework to an expanded multi-state RTO footprint.

- Would this initiative consider changes to the historically based calculation methodology?

14.4 Allocation of MIC among Load Serving Entities (D). PGP agrees that there needs to be modifications to the MIC allocation methodology. In addition, to the extent the ISO expands its BAA to encompass other states, the MIC allocation methodology should be modified as to not negatively impact an LSE's existing import arrangements for serving load, and that it respect and acknowledge existing contractual obligations. The ISO's methodology uses a load-ratio share to allocate MIC to LSEs. However, there are LSEs whose entire load is served by imports. The ISO's MIC allocation methodology creates an artificial limit for these LSEs and their ability to continue to serve their load with imports. PGP urges the ISO to modify the MIC allocation methodology so it recognizes historic agreements and long-term transmission contracts as the ISO expands its BAA.

Initiatives to be Deleted

PGP believes the following proposal in the Stepped Constraint Parameters (5.11) initiative should be deleted:

5.11 Replacing Freezing of EIM Transfers with Penalties. Under the Stepped Constraint Parameters initiative, the ISO is considering replacing the current market rules that freeze energy transfers if an EIM BA fails an hourly resource sufficiency evaluation with penalties. However, it has not been demonstrated that the current structure has negative consequences. PGP and other stakeholders have expressed multiple concerns about the ISO's proposed change to replace the current resource sufficiency enforcement structure with a penalty approach. The current enforcement framework has been successful in ensuring that EIM Entities are resource sufficient for a high percentage of hours. PGP believes this portion of the Stepped Constraint Parameters initiative should be deleted for the reasons stated in its May 26, 2016 comments to the ISO.