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?

        PacifiCorp supports, in principle, modifications to the MIC methodology to provide adequate import capability to PTO sub-regions where the peak is non-simultaneous with the system peak and there are no simultaneous constraints between the sub-region and other areas of the system. PacifiCorp would like to see further information on how the revised MIC methodology would be designed and implemented.

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

        PacifiCorp has no comment on this proposal at this time.

    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.

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?

    PacifiCorp supports the ISO's proposal to limit allocations of MIC capability to particular sub-regions of ISO that would be defined by the Regional TAC Options.

    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?

    PacifiCorp is unable to agree with the ISO's determination that final Step 13, nomination of remaining MIC, will allow a properly balanced MIC allocation for an expanded BAA. PacifiCorp believes that this issue needs to be explored further by the ISO.

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

    No. PacifiCorp does not support a transition period or transitory mechanism for this MIC allocation proposal. The current Regional TAC Options are not transitory, therefore the MIC allocation process for existing rights should also not be transitory. Similarly, new transmission projects that create additional import capability that are subject to a blended TAC rate should be allocated based on the same principles.

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

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?

    PacifiCorp supports the ability to substitute external resources for internal resources experiencing outages. In addition, PacifiCorp supports the ability to substitute external resources for external resources and internal and external resources for local resources that are not restricted by transmission constraints.

    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?

    PacifiCorp does not support the condition that an external resource should have similar operating characteristics as long as it fulfills the same must-offer obligation.

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

PacifiCorp is an entity that serves its load utilizing long transmission lines across six-states. Import of power from an "external" resource or market purchase can actually be closer or more deliverable to load versus an internal resource, or similarly, will use the same transmission to deliver to load as a "local" or internal resource. PacifiCorp believes that the ISO needs to further understand PacifiCorp's and other entities' outside California ability to deliver electricity across its transmission system utilizing multiple resources and its import capability into each of its load areas. The current construct of internal versus external resources and local versus system resources may have specific definitions that pertain to California, however, there is a disconnect with those definitions with regard to PacifiCorp and its ability to utilize its resources and imports interchangeably without reliability implications due to the topology of its load and transmission system.

Lastly, PacifiCorp is concerned that the ISO's current construct that requires an LSE to contract for 115% of its expected contribution to the system coincident peak, as well as, have additional resources to be able to substitute in the case of a forced outage, results in an obligation that is higher than 115%. For example, if PacifiCorp is required to offer 10,000 Megawatts (MW) of capacity into the integrated forward market and it has 1,000 MW of capacity on forced outage, it will need to potentially face an availability penalty on the 1,000 MW of $3.79/kilowatt month or it will need to procure an additional 1,000 MW of capacity to offer into the market.

Essentially, the ISO's availability penalties coupled with its resource adequacy requirements would require an LSE to maintain available capacity on its system for each hour of every month at greater than 115% of its actual expected load. The 15% planning reserve margin is intended, among other things, to take into consideration forced outages that may occur on the peak day, but due to availability penalties across the month, PacifiCorp will need to procure for forced outages that may occur on each day of the month, which significantly increases its planning reserve margin and would require it to carry greater than 115% of its expected peak load for the month in every hour of the month. To require a utility to contract or procure capacity that is greater than 100% of its expected load in every day of the year is an unreasonable reliability requirement and, more importantly, it would cause PacifiCorp's customers to pay for resources that it will effectively never use or need.

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?

      PacifiCorp has no comment at this time.

   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?

      PacifiCorp is concerned that the questions the ISO is asking, related to bilateral energy purchases, misses the point with regard to the economic trade-offs that PacifiCorp is able to achieve by utilizing bilateral energy purchases that may be more cost effective than utilizing its own resources for resource adequacy purposes. Under the ISO's

existing RA framework, each LSE contracts for RA contracts that are tied to an individual resource. These types of RA capacity contract obligations are no different than a bilateral energy contract over the same time period. Within each type of contract, energy versus RA capacity, there are liquidated damage provisions for lack of performance or availability and, most would argue, that an energy contract from a supplier that has a portfolio of resources is more reliable than a unit contingent contract that is subject to the availability of a single plant.

Lastly, PacifiCorp's service territory spans a six-state region that is subject to very diverse weather patterns, electric appliance saturation and customer class mixes. The diversity across PacifiCorp's system allows it to utilize its resources and bilateral energy transactions in a manner that is both reliable and cost effective. PacifiCorp encourages the ISO to better understand the nature of load characteristics outside California, flexible transmission system and access to liquid market hubs in the western interconnection.

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

5. Uniform counting rules proposal

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?

PacifiCorp needs to better understand the ISO's proposal for a "Pmax" methodology for thermal and hydro resources prior to providing comments.

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?

PacifiCorp has no comment at this time.

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

PacifiCorp has no comment 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?

PacifiCorp believes that there are elements of this methodology that require additional detail prior to a policy filing.

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?

PacifiCorp is concerned with using a registered capacity value methodology for load based capacity products and believes that this methodology requires additional detail prior to a policy filing.

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?

PacifiCorp has no comment at this time.

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

PacifiCorp has no comment at this time.