

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 to the Second Revised Straw Proposal for the Regional Resource Adequacy initiative that was posted on May 26, 2016. Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **June 15, 2016**.

Please provide feedback on the Regional RA Straw Proposal topics:

1. Resource Adequacy Unit Outage Substitution Rules for Internal and External Resources
2. Discussion of Import Resources that Qualify for RA Purposes

SCE agrees with the CAISO that there should be discussion around firm energy imports that count for resource adequacy (RA) purposes. To date, the CAISO has allowed firm energy imported by LSEs within California with a MIC allocation to count as meeting the RA requirement. This process has worked successfully as the scheduling coordinator (SC) for the RA import has a must-offer obligation and is subject to the Resource Adequacy Availability Incentive Mechanism (RAAIM) penalties for failing to meet its RA obligation. This set of incentives combined with the fact that the bulk majority of load subject to these rules falls under CPUC jurisdiction who reviews the showings of each jurisdictional load serving entity (LSE) has resulted in a reliable program.

As the CAISO moves forward in considering firm energy imports as RA, the primary question that will need to be answered is, “what process will ensure that the

energy sold has sufficient backing of capacity to ensure that sufficient resources are available if and when called upon?” In the early days of the RA program, firm energy within the CAISO balancing authority (BA) was allowed to count toward RA. It was recognized that such a system made it difficult to determine if the capacity associated with a resource had been effectively sold to multiple parties. While this problem was made smaller with restrictions of such transactions to imports, the CAISO and market participants must again review the design to ensure that with a new larger BA and new intertie points as well as new LSEs under regulation from different State regulators does not now become unworkable. At a minimum, SCE believes that the use of a firm energy import must be subject to the must offer obligation and RAAIM as they are today.

3. Load Forecasting
4. Maximum Import Capability
5. Monitoring Locational Resource Adequacy Needs and Procurement Levels

SCE appreciates that the CAISO has recognized the significant difficulty in recognizing non-local area transmission system constraints within the RA paradigm. The CAISO’s original paper on this topic contemplated identifying other constraints similar to California’s Path 26 constraints. This method was determined to be too complex to utilize in a larger market. The next iteration looked toward a zonal requirement which has also been rejected as too complicated to work effectively.

Due to these concerns, the CAISO has now proposed to not have any zonal requirement and will instead simply monitor the zonal needs. Given this approach, SCE would like to understand from the CAISO if there is any intent for the CAISO to perform any backstop procurement should the monitoring identify a resource need that was not met even though all LSEs fulfilled their RA obligations. If the CAISO does intend to enter into backstop procurement in such a case, then SCE would like to understand:

1. What information about the resource need will be made available such that LSEs can provide a portfolio of resources to the CAISO that mitigates the potential for some deficiency to occur, and
2. If backstop procurement were to take place in such circumstances, how would costs be allocated?

If the CAISO does not contemplate entering into backstop procurement but will rather use the monitoring solely to identify if a stakeholder process should be implemented to discuss the reliability concerns and the potential solutions, SCE would support such a proposal.

6. Allocation of RA Requirements to LRAs/LSEs
7. Reliability Assessment
 - a. Planning Reserve Margin for Reliability Assessment
 - b. Resource Counting Methodologies for Reliability Assessment
8. Other