

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**.

Southern California Edison (SCE) appreciates the opportunity to comment on the CAISO's Regional Resource Adequacy Initiative. SCE continues to support the objective of development of efficient wholesale markets for the delivery of electricity and transmission. Properly designed and implemented, regional markets promise to reduce costs for customers, better utilize existing assets, allow for more efficient development of new infrastructure, and reduce costs of renewable energy integration.

Important details for a successful expansion, such as transmission access charges and GHG treatment, require additional definition and resolution since, for expansion to succeed, all issues must work in a cohesive manner. The comments below focus specifically on the questions asked by the CAISO in the response template.

Please provide feedback on the July 21 Regional RA Working Group:

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?

Yes.
 - 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?
 - i. If you believe that some types of energy-only transactions should qualify for RA purposes, should there be a limit or cap on the volume that individual LSEs could utilize those resources for RA purposes?
 - ii. How could the ISO actually analyze the reliability that would be provided with various levels of these energy transactions being used to meet RA requirements?

In the original development of RA within California, the issue of energy-only transactions and their ability to qualify for RA was debated and refined over the years. Originally, California LSEs were able to count not only energy-only imports but also some energy-only transactions within the CAISO BA. Over time, the concerns about such transactions, their ability to provide for reliability, and the relative proportion of resource specific RA to energy-only RA resulted in the phasing out of RA eligibility for energy-only transactions within the BA. While SCE is not certain the metrics that were measured to determine what constitutes the reasonable balance of resource specific and energy-only transactions for meeting reliability needs, SCE does agree that such a balance should be struck.

While not the only nor definitive measure of how much energy-only transactions should be allowed to count for RA, SCE recommends that the CAISO provide information on the present California mix of energy-only versus resource specific RA to help inform the process. This could include theoretical maximums based upon the Maximum Import Capability (MIC) as well as more practical measures based upon the amount actually shown in the supply plans for RA. Once this information is known, a more informed decision of the proper level of energy-only transactions that could count for RA and whether any caps are therefore necessary or if the MIC already sufficiently bounds the amount of energy-only imports for RA.

Potential future CAISO participants may be members of the Northwest Power Pool (NWPP) and use the exchange of resources to meet their reliability need. Additional investigation needs to be done by the CAISO in cooperation with the NWPP to understand if these arrangements can be used to meet CAISO's resource adequacy requirements under the CAISO's regional expansion.

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