

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 on the Third Revised Straw Proposal for the Regional Resource Adequacy initiative that was posted on September 29, 2016. Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **October 27, 2016**.

Please provide feedback on the Regional RA Third Revised Straw Proposal below.

The ISO is especially interested in receiving feedback that indicates if your organization supports particular aspects of the proposal. Alternatively, if your organization does not support particular aspects of the proposal, please indicate why your organization does not support those aspects.

City Light supports CAISO's goal to ensure adequate capacity is available and offered to the expanded ISO to ensure reliability. City Light further supports developing a probabilistic method for evaluating loss of load potential and establishing the planning reserve margin (PRM) target.

City Light supports existing commercial and operational practices continuing with no loss of value to non-ISO participants as a result of expanding the ISO. Embedded LSEs depending on existing transmission are serving load reliably. The expanded ISO should not eliminate or devalue the ability of third parties to continue to reliably serve load with remote resources.

City Light encourages CAISO and the Western States Committee (WSC) to include consideration of incremental costs and benefits to each market participant as a criteria when developing the PRM. States and LRAs do this presently although in different ways. Including cost effectiveness as part of the derivation of the PRM will provide for stakeholders to offer options and provide for the greatest transparency and ultimately support for the target.

Developing the PRM will take time. City Light requests CAISO explain how it will proceed in the interim, and provide a timeline for when it anticipates the PRM will be set.

City Light supports consonance between the sub-regions for the Transmission Access Charge (TAC) and areas studied for regional resource adequacy (RRA). Physical power flows and factors that affect flows should be a critical factor in determining and aligning these topics. Because load ratio share does not always reflect the allocation of costs and benefits, City Light does not support it as a sufficient basis for allocating economic costs and benefits.

City Light does not support the reduction in the role accorded to LRAs in the 3rd straw proposal. LRA's were given a much broader/larger/more robust role in the 2nd straw proposal. The 3rd straw proposal removes decision making from LRAs in several instances: setting local resource adequacy and reserve levels, and choosing the capacity counting method. It is important that LRA's retain more control because they are presently performing these functions and will have continuing responsibility for ensuring proper use of customer dollars.

In addition, City Light does not support the reduction in flexibility to LRAs and LSEs in the 3rd straw proposal. The inability to substitute external resources for internal resources will limit a participants' ability to make the most cost-effective decisions. CAISO has not demonstrated that substitution is infeasible, so it is unnecessarily adding costs to participants. CAISO also proposes a MIC that is more restrictive, which is potentially costly to parties that are currently importing resources and managing a reliable system.