

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**.

SMUD appreciates the opportunity to comment on the CAISO's *Regional Resource Adequacy Second Revised Straw Proposal* (May 26, 2016). As an initial matter, SMUD reiterates its concern about prioritizing regional market initiatives such as Resource Adequacy before a new regional governance model is determined. SMUD urges the CAISO to focus on governance first and to take more time to adequately consider the implications of governance on any Resource Adequacy proposal(s).

Please provide feedback on the Regional RA Straw Proposal topics:

1. Resource Adequacy Unit Outage Substitution Rules for Internal and External Resources

SMUD supports the use of external resources to substitute for internal RA unit outages. However, SMUD seeks further clarity on the qualifying condition that the external resource has similar operating characteristics of the outage resource. This restriction may not be appropriate given the resource diversity available to the ISO market that is outside of the expanded regional ISO footprint.

2. Discussion of Import Resources that Qualify for RA Purposes

SMUD has no comment at this time.

3. Load Forecasting

SMUD has no comment at this time.

4. Maximum Import Capability

The proposal states that the CAISO will maintain the MIC allocations for the current CAISO BAA. SMUD questions whether the MIC is even needed under an expanded regional BAA. SMUD observes that the MIC is a historical artifact that may be outdated and does not reflect current operating characteristics of the grid. Accordingly, SMUD supports the CAISO's commitment to revisit MIC needs at a future time.

In addition, the proposal contemplates allocation of MIC to new PTOs based on the "sub-region" model in the TAC proposal. While SMUD does not object, the CAISO should ensure that the TAC and RA processes do not otherwise overlap as they are independent concepts that should not be tied to each other. A change in the TAC structure should not necessitate a change in RA.

5. Monitoring Locational Resource Adequacy Needs and Procurement Levels

SMUD has no comment at this time.

6. Allocation of RA Requirements to LRAs/LSEs

SMUD supports the proposal to defer to local regulatory decision-making.

7. Reliability Assessment

- a. Planning Reserve Margin for Reliability Assessment
- b. Resource Counting Methodologies for Reliability Assessment

SMUD has no comment at this time.

8. Other

- SMUD observes that the proposal does not appear to affect the use of non-RA capacity in the expanded regional ISO to count towards external load serving entity RA requirements. SMUD currently utilizes CAISO non-RA capacity as supporting resources to firm its exports from the CAISO to meet SMUD's own RA requirements.¹ SMUD has an interest in ensuring this ability is not restricted or in any way diminished.
- As the ISO expands and its RA regulatory construct is applied to new regions of the West, there will always be the risk of direct or unintended negative impacts to external entities. External entities such as SMUD rely on resources in the northwest for firm deliveries to meet SMUD's RA requirements. While this proposal does not appear to directly impact SMUD's continued ability to count firm purchases from a

¹ Under the CAISO rules, to ensure a firm export from the CAISO is treated in a similar curtailment order priority as internal CAISO load, an external entity must show that it has a supporting resource in the CAISO that is not already committed to serve internal CAISO RA requirements.

non-regional ISO entity for its own RA requirements, SMUD simply wishes to raise this as a potential issue that may arise in the future.