

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 Revised Straw Proposal for the Regional Resource Adequacy initiative that was posted on April 13, 2016. Upon completion of this template please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on May 4, 2016.

Please provide feedback on the Regional RA Revised Straw Proposal topics:

1. Load Forecasting: SVP shares NCPA's stated concerns (in its comments in response to the initial issues paper, the first straw proposal and the Revised Straw Proposal) that individual LRAs will lose the essential local control over their programs on which the RA program has been built if the CAISO uses uniform load forecasting and counting methodologies throughout the entire region.

With regard to the specifics of the proposal, Silicon Valley Power (SVP) would like to have better clarity on how the current California Energy Commission (CEC) load forecast process might be amended in the modified Regional Resource Adequacy regime being developed by the CAISO. Also, will the CAISO's divergence band/threshold be utilized on CEC-adjusted coincident peak values, or the original LSE-submitted non-coincident peak forecast information? Furthermore, SVP seeks clarification as to whether the proposal to publicly post forecasts and forecast errors is intended to be shown at the LSE or Local Regulatory Authority level. The Revised Straw Proposal indicates that the purpose of publishing the load forecast accuracy is to "benchmark the accuracy of submitted forecasts." SVP seeks clarification as to what CAISO means by benchmarking in this context.

2. Maximum Import Capability: SVP reiterates its prior comments that it is important to ensure that the MIC continue to allocate capacity based on existing contractual rights and commitments. SVP understands that the Revised Straw Proposal would only change one element of the Maximum Import Capability process, using regional peak

loads rather than system peak load, and seeks confirmation that the change will not affect capacity allocations based on existing contracts and commitments.

3. Internal RA Transfer Capability Constraints: It appears that the newly-proposed zonal methodology may be better than applying the existing Path 26 methodology to all internal interfaces. However, the proposal outlined in the Revised Straw Proposal is conceptual and before SVP can properly assess the potential effects of the new zonal methodology, the CAISO must provide significantly more information on how the zones, the zonal PRM targets, and internal transfer limits would be developed or established – as well as how the proposed “netting credits” would be defined and calculated. Also, as stated by NCPA in its comments on the Revised Straw Proposal, it is necessary to understand how the zonal design would avoid unfairly imposing costs on LSEs, avoid stranding RA assets and use netting to assist LSEs in these efforts.

It may well be helpful and efficient to, as a market participant suggested during the April 21st meeting, carve-out a working group to specifically handle this particular issue. Given the abbreviated time allotted to the entire Regional Resource Adequacy stakeholder process as well as other similar processes progressing concurrently, such focused attention is necessary to work through the details of a new RA requirement.

It is important that LSEs’ existing qualifying RA resources do not lose their applicability/countability under the CAISO’s proposed zonal methodology. Existing RA resources located outside of an LSE’s native load zone(s) must continue to count toward meeting system, local and flexible RA requirements as they do today. LSEs should not be harmed by zonal changes rendering existing useable RA resources less useable solely due to a move toward regionalization.

4. Allocating RA Requirements to LRAs/LSEs: SVP has no comments on this item at this time.
5. Updating ISO Tariff Language to be More Generic: SVP has no comments on this item at this time.
6. Reliability Assessment: SVP shares NCPA’s stated concerns (in its comments in response to the initial issues paper, the first straw proposal, and the Revised Straw Proposal) that the CAISO’s proposal will infringe on Local Regulatory Authority control over planning reserve margin and resource counting methodologies for their jurisdictional load serving entities. Because the existing system has functioned well and there is no indication of a need to change, SVP does not support the methodologies proposed. While SVP reserves those concerns, SVP raises the following questions to gain a better understanding of the proposals.
 - a. Planning Reserve Margin: SVP understands CAISO’s proposal to indicate that using a new methodology - the probabilistic LOLE study - and changing from the simplified deterministic PRM calculation might create greater levels of

accuracy in developing the planning reserve margin targets for purposes of assessing system reliability under LSE and LRA procurement programs. SVP observes that the LOLE appears to be a more complicated method that would be difficult for market participants to replicate, resulting in a less transparent process. Given that the West appears to currently be experiencing a resource surplus (and with forecasts for this situation to continue for some time), transitioning to a full LOLE methodology may be addressing a problem that we do not currently have, and the added complexity may not be justified under the circumstances.

If a LOLE based methodology is to be further considered, and given the CAISO's expressed concern about its increased level of detail and analysis, it would be helpful if the CAISO could develop an example, from data for a select prior period, using both the LOLE and the simplified deterministic PRM methodologies. The stakeholders could review the results to analyze whether the better planning capabilities justify the increased complexity of analysis.

7. Other:

- a. Wind and Solar Counting Methodologies – Exceedance vs. ELCC: SVP believes that using the ELCC methodology is a proper method for evaluating the capacity benefits of incremental renewable resources when reviewing whether to extend transmission to remote generation locations. However, there are a number of implementation details that need to be understood regarding the ELCC methodology, especially how such a methodology would be applied to existing renewable resources.
- b. Load Forecasting Coincidence Factor: SVP questions the need to consider changing from the CEC's median of five monthly peaks to a power systems formula. What are the problems with the median of five monthly peaks method that justify a change?
- c. Effective Date of Tariff Revisions (for existing CAISO BAA LSEs): SVP appreciates the CAISO's apparent desire to ensure that any tariff provisions associated with a regional ISO would become effective only as necessary to support the integration of a new Participating TO. That said, SVP believes, based on experience, that one of the examples that the CAISO shared in the last paragraph of Section 4 of its Revised Straw Proposal on page 12 – the option involving making a conceptual-type filing prior to submitting tariff language, as done with MRTU in the prior decade – should not be considered as a viable option. The current RA program does not need to be modified unless and until PacifiCorp does join the CAISO.