

## Stakeholder Comments Template

### Subject: Regional Resource Adequacy Initiative – Working Group, August 10, 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 August 10, 2016 and covered the reliability assessment topic. Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on **August 24, 2016**.

Please provide feedback on the August 10 Regional RA Working Group:

1. Does your organization clearly understand the examples that were intended to provide explanation of the Regional RA reliability assessment validation of LSE RA Plans and Supply Plans? If not, please indicate what further details or additional clarity your organization believes should be provided by the ISO in the future.
  - a. Please indicate if your organization believes that there are other specific examples or scenarios that are needed to aid in explaining the Regional RA reliability assessment RA and Supply Plan validations. If so, please detail the specific scenarios that your organization would like the ISO to provide examples on.

[No comment at this time.](#)

2. Does your organization clearly understand the examples that were intended to provide explanation of the Regional RA reliability assessment backstop procurement cost allocation? If not, please indicate what further details or additional clarity your organization believes should be provided by the ISO in the future.
  - a. Please indicate if your organization believes that there are other specific examples or scenarios that are needed to aid in explaining the Regional RA reliability assessment backstop procurement cost allocation. If so, please detail the specific scenarios that your organization would like the ISO to provide examples on.

No comment at this time.

3. Please provide any further feedback your organization would like to provide on the proposed Regional RA reliability assessment process.

SVP supports the July 29, 2016 comments of the Northern California Power Agency (NCPA) from the July 21 working group meeting regarding mandatory accounting rules through the Reliability Assessment Process. As with NCPA, SVP strongly urges CAISO to harmonize its reliability mandate with Local Regulatory Authorities' (LRA) policy objectives by keeping the existing policy of providing standard default counting criteria, and allowing LRAs to establish counting criteria for their Load Serving Entities (LSE). As stated by NCPA in that comment, "By imposing mandatory uniform counting rules through the Reliability Assessment, CAISO effectively precludes LRAs from adopting different counting rules for their LSEs (unless an LRA were to direct its LSEs to procure RA capacity twice (at twice the cost)—once to meet CAISO's Reliability Assessment and once to meet the LRA's policy goals."

4. Please provide any feedback on the other discussions that occurred on the other Regional RA topics during the working group meeting.

In the CAISO presentation at the August 10 working group meeting regarding outages and substitute capacity, the CAISO provided an example showing the planning reserve margins ("PRM") increasing from their current level of 115% to 123%. This extraordinarily large increase comes with a potential for a costly rate impact to customers without any improvement in system reliability. The proposed increase was attributed to a requirement for operating reserves being included in the development of planning reserve margins. It is inappropriate to address operating reserves in the PRM because it results in duplicate coverage of risks that occur in different time horizons – operating reserves address operational risks, while PRM creates resource acquisition targets to addresses the need to cover risks of changes in load and resources. While the example presented was illustrative and did not constitute a specific proposal for a PRM, the example highlights SVP's concern that LRAs should not lose their authority over PRMs, and that such PRMs should reflect the portfolio characteristics and balance the reliability and costs associated with a PRM selection.

SVP understands that some LRAs in the Pacific Northwest, portions of which are proposed to become a part of a Regional ISO, plan for average energy and not peak capacity. This is a large difference from what is the case today in California. We believe that this will be a difficult issue to manage in a Regional RA system, if the methodology is to be the same for all participants.