

**COMMENTS ON BEHALF OF THE CITIES OF ANAHEIM, AZUSA, BANNING, COLTON,  
PASADENA, AND RIVERSIDE, CALIFORNIA ON THE  
FIFTH REVISED STRAW PROPOSAL ON FLEXIBLE RESOURCE ADEQUACY CRITERIA  
AND MUST-OFFER OBLIGATION**

In response to the ISO's request, the Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (collectively, the "Six Cities") submit the following comments on the ISO's January 17, 2014 Fifth Revised Straw Proposal on Flexible Resource Adequacy Criteria and Must-Offer Obligation ("the 5<sup>th</sup> Revised Straw Proposal").

The Six Cities appreciate the ISO's on-going efforts to address stakeholder concerns as reflected in the 5<sup>th</sup> Revised Straw Proposal. In light of the complexities involved in developing rules for allocation of Flexible RA requirements and the operational characteristics of resources eligible to meet those requirements, the Cities specifically support the ISO's determination in the 5<sup>th</sup> Revised Straw Proposal to defer adoption of rules defining a Standard Flexible Capacity Product, implementing opportunity cost bidding for use-limited resources, and establishing substitution requirements for Flexible RA resources.

The Six Cities have the following concerns and/or questions with regard to certain elements of the 5<sup>th</sup> Revised Straw Proposal:

- 1) With regard to Category 1 Flexible RA resources, the Cities do not see any justification for excluding use-limited resources that can meet the Category 1 must-offer requirements. Consistent with the ISO's objective of remaining technologically neutral, any resource that can satisfy the Category 1 must-offer requirements for a month should qualify to provide Flexible RA under Category 1 for that month. Stated differently, a use-limited resource that has a usage allowance for a month that would allow it to operate between 5:00 a.m. and 10:00 p.m. throughout the month should be eligible to supply Flexible RA capacity for the month.
- 2) With regard to Category 2, the Six Cities urge the ISO to modify the eligibility criteria to allow use-limited resources with moderate monthly limitations on start-ups to qualify. Strictly interpreted, the proposed criteria for Category 2 resources appear to exclude peaking units with monthly start-up allowances of less than sixty starts (for months with thirty days) or sixty-two starts (for months with thirty-one days). It seems unlikely that operational needs would require dispatch of Category 2 resources twice a day every day during a month. Requiring the ability to start sixty times or more during a month would exclude many resources that otherwise could make available to the ISO valuable flexibility attributes, including the ability to start more than two times per day, if necessary, for resources that have a monthly limitation on start-ups but not a daily start-up limitation. In addition, some resources that are subject to start limitations may have the ability to provide energy for periods longer than six hours once they are started. In these circumstances, the expanded duration of energy availability may offset start-up limitations. The Cities request that the ISO modify the proposed start-up criteria for Category 2 (a) to allow

eligibility for resources with monthly start-up allowances of thirty or more and daily start-up allowances of two or more, and (b) to allow eligibility for resources that can start up at least twenty times during a month and provide energy up to seventeen hours with each start-up. Providing this additional flexibility in the criteria for Category 2 resources will expand the pool of resources that can be made available to the ISO for Flexible RA capacity without significantly reducing the range of flexible attributes the ISO can utilize.

3) With regard to Category 2, the Cities request that the ISO clarify that satisfaction of the ISO's proposed six hour daily energy obligation will be measured on an aggregate basis, so that, for example, a Category 2 resource that provides three hours of energy in the morning ramp and three hours of energy in the evening ramp for a given day will have satisfied its availability obligation for the day.

4) For resources in Categories 2, 3, and 4, the Cities request that the ISO clarify that once a resource has responded to dispatch instructions for the number of hours in a day required for that category (*i.e.*, six hours for Category 2 as proposed by the ISO and three hours for Categories 3 and 4), the resource is not obligated to submit economic bids for the remainder of that day. Similarly, the ISO should clarify that once a Category 4 resource has been dispatched five times during a month, it is not obligated to submit economic bids for the remainder of that month.

5) With regard to the classification of resources under Categories 2, 3, and 4, the Cities request that the ISO clarify that a resource owner or entity that has contracted for the resource may self-select the category under which it will be classified so long as it meets the criteria for that category. For example, the owner or entitlement holder for a resource that can meet the criteria for Category 2 should be able to choose whether the resource is classified under Category 2, Category 3, or Category 4.

6) In their December 9, 2013 comments on the ISO's November 25, 2013 presentation on Assessing the Flexible Capacity Requirements for 2015, the Six Cities explained that they do not have load data or data on VER generation at the level of granularity proposed by the ISO. The 5<sup>th</sup> Revised Straw Proposal does not respond to the data availability problem identified by the Cities. Because the ISO proposes to begin data collection and analysis imminently, prompt resolution of the data granularity problem is necessary.

Submitted by,

Bonnie S. Blair  
Thompson Coburn LLP  
1909 K Street N.W., Suite 600  
Washington, D.C. 20006-1167  
[bblair@thompsoncoburn.com](mailto:bblair@thompsoncoburn.com)  
202-585-6905

Attorney for the Cities of Anaheim, Azusa, Banning,  
Colton, Pasadena, and Riverside, California