

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative – Load Forecasting Working Group, June 22, 2016

Submitted by	Company	Date Submitted
Bonnie Blair 202-585-6905	Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California ("Six Cities")	July 12, 2016

This template has been created for submission of stakeholder comments on Load Forecasting Working Group for the Regional Resource Adequacy initiative that was held on June 22, 2016. Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **July 12, 2016**.

Please provide feedback on the Regional RA Load Forecasting Working Group:

1. Current Load Forecasting Capabilities and Practices:

- a. Please provide comments and any additional information that you wish to share in order to describe your organization's current load forecasting practices and capabilities in order for the ISO and other stakeholders to understand the differences in current practices amongst LSEs.
- b. Do you believe that your organization could support an hourly load forecasting proposal as previously described in the ISO's Second Revised Straw Proposal?

Six Cities' Comments: Based on further consideration, including the discussion at the June 22, 2016 working group meeting, the Six Cities do not support use of hourly load forecasts made a year in advance for purposes of determining RA requirements. Hourly load forecasts are highly dependent upon daily weather and temperature patterns, and such weather/temperature information cannot itself be accurately forecasted. It is necessary not only to consider weather forecasts for a specific day, but weather patterns several days in advance have a statistically significant impact on loads. In addition, expanding penetration of behind-the-meter solar, Demand Response, Energy Efficiency, and Distributed Generation resources and technologies

has exacerbated the challenges of developing accurate hourly load forecasts. Because the output and/or impacts of these developing resources and technologies can be both volatile and unpredictable, they further compromise the accuracy of hourly load forecasting models, when such models are used to produce year-ahead forecasts.

Furthermore, basing RA requirements on advance hourly load forecasts developed by individual LSEs using methods of their own choice would create opportunities for self-interested skewing that would be extremely difficult to detect and correct. An LSE's hourly forecast could be heavily swayed by changing a three-year average temperature in a forecast model to a forecasted temperature or even a five-year forecasted temperature. Many arguably defensible differences in selection of inputs and assumptions could be applied to shift the resultant forecasts, and efforts to identify and correct opportunistic application of forecasting methods would be resource-intensive and controversial.

2. Coincident Peak Forecasting Methodology Options

If the ISO proposed to require LSE specific forecasts for only the 12 monthly peaks, there would be a need to adjust individual forecasts to determine the coincidence peak contribution in order to capture the benefits of load diversity. In order to determine the annual and monthly RA requirements for individual LSEs and recognize the benefit of load diversity in an expanded BAA the ISO is considering some options and requests stakeholder feedback on the following options:

- a. Option 1) Allowing individual LSEs (or local/state forecasting agencies, including the CEC for California LSEs) to have the ability to provide both their Non Coincident Forecasts (no coincidence adjustment) and Coincident Peak Forecasts to the ISO (no ISO specified Coincidence Factor methodology, LSEs can utilize coincidence forecast calculation method suited for their needs individually, and this option is still subject to ISO coincidence method guidelines that would be provided, as well as ISO review).
 - i. Please indicate if your organization supports or opposes an approach of providing flexibility in the coincidence forecasting methodologies.
 - ii. Also, if your organization would support or oppose this approach, please describe why this option is preferable or not to your organization.
- b. Option 2) Requiring individual LSEs (or local/state forecasting agencies, including the CEC for California LSEs) to have the ability to only provide their Non Coincident Forecasts (no coincidence adjustment) and the ISO would apply a specified Coincidence Factor formula to all individual LSE load forecast submittals uniformly

in order to determine the Coincidence Peak forecasts for individual LSEs (ISO specified Coincident Factor methodology with actual formula to be determined through this stakeholder process).

- i. Please indicate if your organization supports or opposes an approach of the ISO utilizing a predetermined coincidence factor methodology.
 - ii. Also, if your organization would support or oppose this approach, please describe why this option is preferable or not to your organization.
- c. If your organization does not support any of these potential options and believes there are other possible proposals that the ISO should consider please provide a detailed description of an alternative approach.

Six Cities' Comments: The Six Cities generally support the Option 1 approach described in sub-part a above. LSEs in the first instance are most familiar with the characteristics of their own systems and with anticipated developments that could have significant impacts on their load shapes. Allowing LSEs (or local/state forecasting agencies) to provide their forecasts of both non-coincident and coincident peak loads will provide an opportunity to consider factors that may produce significant deviations from historical coincidence patterns.

However, the CAISO should have authority to review and propose adjustments to the peak load and coincidence forecasts submitted by LSEs. If the forecasts submitted by an LSE are substantially different from historical patterns, the LSE should provide an explanation for the differences, and the CAISO should evaluate the reasonableness of the forecasts in light of the explanation. The Six Cities support the development of a standard metric that would trigger a requirement to provide explanations for deviations from historical data at the time the forecasts are submitted to the CAISO, so long as the metric accounts for atypical deviations in forecasted weather conditions. If the CAISO and an LSE cannot agree on the appropriate monthly peak load forecasts and coincidence factors for the LSE, the CAISO's forecasts should control pending resolution through the CAISO's dispute resolution process.

3. Please provide any additional comments on the load forecasting working group and proposal.