

## 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 Draft Regional Framework Proposal for the Regional Resource Adequacy initiative that was posted on December 1, 2016. Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on **January 11, 2017**.

Please provide feedback on the Regional RA Draft Regional Framework Proposal below.

The ISO is especially interested in receiving feedback that indicates if your organization supports particular aspects of the proposal. Alternatively, if your organization does not support particular aspects of the proposal, please indicate why your organization does not support those aspects.

Six Cities’ Response - - The Six Cities appreciate the opportunity to submit their comments on the ISO’s Regional Resource Adequacy Regional Framework Proposal, posted on December 1, 2016, and referred to in these comments as the “Framework Proposal”).

The Six Cities specifically support the following elements of the Framework Proposal:

- Development of a system-wide Planning Reserve Margin (“PRM”) (Framework Proposal at 21-23), with input from stakeholders, the Western States Committee, and the Western Electricity Coordinating Council (*id.* at 57);
- Limiting intra-year updates to load forecasts to revisions based on load migration or submitted and verified by an appropriate regulatory or government agency (*Id.* at 11-12);
- Development of an ISO guidance document on acceptable load forecasting methodologies (*Id.* at 17-18);

- Provisions relating to ISO review of LSE forecasts, resolution of any disagreements regarding the reasonableness of LSE load forecasts, and application of ninety percent of the ISO's forecast where disagreements are not resolved by mutual agreement (*Id.* at 18-19);
- Publication of individual LSE load forecast error percentages (*Id.* at 18) as long as the approach is applied consistently (*e.g.*, all non-weather adjusted, *etc.*);
- Development and application of uniform counting methodologies for resource RA values (*Id.* at 23);
- Development of documentation requirements and testing procedures to validate capacity values (*Id.* at 23-28);
- Provisions relating to implementation of backstop procurement authority to address collective deficiencies and allocation of costs in the first instance to any deficient LSEs (*Id.* at 30-32);
- Protection of Pre-RA Import Commitments for MIC allocation purposes, irrespective of the LSE's load ratio share within the relevant TAC sub-region or the location of the relevant intertie scheduling point (*Id.* at 33, 37, 38);
- ISO monitoring of Locational RA needs and procurement (*Id.* at 12-13, 49-51);
- Allowing LSEs to use short-term capacity arrangements (which could be executed after the due date for the monthly RA showing) to meet up to 10 percent of an LSE's system RA requirements, subject to the following proposed new incentive and enforcement mechanisms to ensure that the capacity procured through such short-term arrangements actually is made available to the ISO markets: (1) modification of the cost allocation provisions for intra-month exceptional dispatch CPM costs to allocate some such costs to LSEs that included short-term import arrangements in their RA showings that failed to perform when system conditions required an exceptional dispatch CPM; (2) enhanced penalties for non-performance during system emergencies or adverse system conditions, and (3) documentation requirements to demonstrate compliance with the 10 percent limit on short-term import arrangements for RA purposes (*see* Framework Proposal at 42-44); in addition, the Six Cities recommend that the ISO establish a process for re-evaluating periodically the appropriateness of the 10 percent short-term purchase allowance based on the adequacy of the regional capacity pool and confirm that any price risk associated with relying on short-term capacity purchases would be the responsibility of the purchasing LSE;
- Development and application of a daily forced outage assessment process and exemption from RAAIM charges if substitute capacity for a resource on forced outage is not needed (*Id.* at 45-46); indeed, regardless of the outcome of the Regional RA initiative and/or the regionalization effort as a whole and without awaiting further developments in the regionalization process, the Six Cities request that the ISO take immediate steps to

implement a daily forced outage assessment process and exempt resources on forced outage from RAAIM charges for days when substitute capacity is not needed;

- Allowing external resources to substitute for internal resources experiencing outages provided that the external resource has a sufficient MIC allocation to allow delivery of the substitute capacity (*Id.* at 46-47).

The foregoing elements of the Framework Proposal are consistent with preservation of reliability throughout an expanded regional BAA and will help to limit potential unfair resource “leaning” by sub-regions or LSEs within the expanded BAA.

The Six Cities appreciate the ISO’s express confirmation at page 70 of the Framework Proposal that (i) MIC will no longer be required for interties that become internal to an expanded BAA footprint; (ii) the ISO will preserve LSEs’ ability to count existing RA resources; and (iii) must-offer requirements, RAAIM provisions, and substitution rules all will be applied consistently throughout an expanded BAA footprint.