

Stakeholder Comments Template

Flexible Resource Adequacy Criteria and Must-Offer Obligation Revised Straw Proposal, June 13, 2013

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, covered in the Flexible Resource Adequacy Criteria and Must-Offer Obligation revised straw proposal on June 13, 2013, and issues discussed during the stakeholder meeting on June 19, 2013.

Please submit your comments below where indicated. Your comments on any aspect of this initiative are welcome. If you provide a preferred approach for a particular topic, your comments will be most useful if you provide the reasons and business case.

Please submit comments (in MS Word) to fcg@ca.iso.com no later than the close of business on June 26, 2013.

1. The ISO has outlined the a methodology to allocate flexible capacity requirements to LSE SC based one possible measurement of the proportion of the system flexible capacity requirement to each LSE SC based on its contribution to the ISO's largest 3 hour net-load ramp change each month. Please provide comment regarding the equity and efficiency of the ISO proposed allocation. Please provide specific allocation formulas when possible. The ISO will give greater consideration to specific allocation proposals than conceptual/theoretical ones. Also please provide information regarding any data the ISO would need to collect to utilize a proposed allocation methodology. Specifically,
 - a. Has the ISO identified the core components for allocation? Are more needed? If so, what additional components should be considered and how should ISO consider them? Are fewer needed? If so, what should the ISO include?
 - b. Has the ISO used the right allocation factors for the identified components (i.e. load ratio share, percent of total capacity contracted)? If additional or fewer components should be considered as identified in 1a, above, please provide specific allocations factors for these components.

- c. Does your organization have any additional comments or recommendations regarding the allocation of flexible capacity requirements?

The CAISO's proposal for allocating flexible capacity requirements is a useful thought experiment. However, TURN doubts that data exist in sufficient quantity and quality to make such computations for purposes of allocating flexible capacity requirements – and ultimately the related costs – among Load-Serving Entities (LSEs), much less make such computations with reasonable accuracy.

Rather than suggest a method at this time, TURN believes the CAISO should instead assess what data will be available to it to estimate flexible capacity requirements and/or allocate such requirements among LSEs, and then adapt an allocation methodology that respects the limits of such data's availability and accuracy. TURN suspects that such an analysis would yield a simpler approach to allocating costs.

7. Are there any additional comments your organization wishes to make at this time?

The CAISO's June 13 Straw Proposal appears to largely reiterate the Joint Parties' Proposal the CAISO and others proposed to the CPUC in Rulemaking (R.)11-10-023. However, the Proposed Decision (PD) in that docket, which the CPUC may adopt tomorrow (June 27), would not adopt the Joint Parties' Proposal, either as submitted or as presented in the Straw Proposal. For example, the Straw Proposal addresses many important implementation issues and a plan to seek Board approval regarding such issues in December 2013. But the PD states “[i]n workshops and comments, stakeholders will develop counting rules, eligibility criteria, and must-offer obligation for use-limited resources, preferred resources, combined cycle gas turbines, and energy storage resources for Commission consideration” (p. 57) and that the Commission will issue its decision in June 2014 (p. 67, Conclusion of Law 14). As another example, the CAISO's Straw Proposal again proposes an “[a]nnually adjustable error term to account for load forecast errors and variability” (page 9), which it has labeled epsilon (ϵ). But the PD states “[t]he Commission will determine a cap or a method to calculate the annually adjustable error term in the methodology used to calculate flexible capacity need” (p. 57).

TURN appreciates that the CAISO's processes, including its need for Board approval and FERC approval of changes to its tariffs, may not mesh nicely with the CPUC's own processes, and that the CAISO is not ignoring the CPUC's forthcoming policy and implementation efforts. But the CAISO proposal should recognize that the CPUC may adopt different approaches to the implementation of flexible capacity requirements than the CAISO will propose to its Board and be ready to adapt to such different policies.