

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative

Submitted by	Company	Date Submitted
<i>Béla Vastag</i> <i>bvastag@utah.gov</i> <i>801-530-6374</i>	<i>Utah Office of Consumer Services</i>	<i>October 27, 2016</i>

This template has been created for submission of stakeholder comments on the Third Revised Straw Proposal for the Regional Resource Adequacy initiative that was posted on September 29, 2016. Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **October 27, 2016**.

Please provide feedback on the Regional RA Third Revised Straw 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.

Reliability Assessment

System reliability is critical to all utilities, not just those that are part of an ISO. As the Utah Office of Consumer Services (“Utah OCS”) noted previously, PacifiCorp has relied on a detailed IRP process to evaluate its resource needs, and has acquired resources in accordance with Utah Public Service Commission requirements in an attempt to ensure that it provides reliable service at the lowest cost to customers. The ISO’s Third Regional Resource Adequacy Initiative Straw Proposal continues to propose a system-wide Planning Reserve Margin (“PRM”) target and resource counting methods that it states is designed to ensure adequate capacity will be made available to the ISO markets. The Utah OCS has consistently maintained that the ISO’s PRM and counting methods could result in an LSE needing to acquire new capacity either on its own or based on the ISO’s backstop procurement authority that may not be necessary based on its LRA’s reliability requirements. If PacifiCorp joined a regional ISO where it was required to meet an ISO-determined system PRM rather than its LRA-approved PRM, then the Utah OCS maintains that additional costs resulting from changes in PacifiCorp’s resource procurement

under this new system should be accounted for in any cost benefit evaluation of PacifiCorp joining the regional ISO.

Alternatively, the Utah OCS notes that the ISO did not provide feedback on the Utah OCS' June 17, 2016 written comments concerning MISO's PRM practice. MISO also establishes a PRM target for LSEs, however, if an LRA establishes a PRM, then the LRA's PRM target takes precedence and is used in place of MISO's PRM target for the relevant LSE. The Utah OCS believes this is a reasonable alternative policy and should be considered for adoption by the CAISO in its regional ISO proposal.

Imports for Resource Adequacy

The ISO believes that a tariff ambiguity currently exists in that LSEs are not currently required to secure all resource requirements ahead of the operating month. The ISO proposes changing its existing tariff to require that all import resources be secured prior to the month-ahead showing due date. The Utah OCS understands that historically there have been sufficient short term firm resources available, and PacifiCorp has been able to rely on those to satisfy its reliability needs in a cost effective manner. The Utah OCS believes the ISO's proposed change to its tariff could be an unnecessary requirement that would not necessarily lead to a more reliable system, and could increase customer costs. The Utah OCS suggests that the ISO consider not changing the tariff and continue to permit LSEs to acquire short term firm resources that count toward RA requirements. However, the LSE should be required to make a showing that if it relies on short-term resources, those resources must be firm and sufficient to meet the RA requirement during the operating period. If the ISO's change is ultimately required, then the Utah OCS maintains that the impact of the change on PacifiCorp's resource procurement should be accounted for in any cost benefit evaluation performed of PacifiCorp joining the regional ISO.

External Resource Substitution for Internal Resources

The ISO notes that it has considered removing the current restriction that disallows external resources from being used to substitute for internal resources that have been shown for RA. Previous comments to the ISO by numerous parties have largely supported this, yet the ISO's latest Straw Proposal states that it "believes that the complexity associated with implementation outweigh the potential benefits of making modifications to these provisions at this time so the ISO proposes to defer this aspect of the initiative." The Utah OCS would like more information concerning the complexity that the ISO would encounter in implementing this change, and how it believes that the complexity would outweigh the benefits. In the Straw Proposal, the ISO noted PacifiCorp's prior comments in which PacifiCorp stated that without this change, its customers would be unduly burdened by the current unit substitution rules. The Utah OCS again maintains that the impact of changing how PacifiCorp procures resources, i.e. by restricting external resources from being used to substitute for internal resources, should be accounted for in any cost benefit evaluation performed of PacifiCorp joining the regional ISO.