

**Valley Electric Cooperative Comments on Flexible Resource Adequacy Criteria and Must Offer Obligation Phase Two September 26 Working Group Meeting**

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VEA appreciates the opportunity to provide these comments on the ISO's FRAC MOO Phase 2 Working Group Meeting held on September 26, 2017.

VEA is a small LSE that has peak load of approximately 125 MWs and primarily serves its load through long-term contracts imported into the ISO BAA. While its long-term contracts source nearly all of its energy requirements, they currently do not qualify to provide flexible RA. Thus, unlike larger LSEs that have deeper portfolios of long-term contracts, VEA has had to procure 100% of its flexible RA requirements through short-term contacts, resulting in a substantial increase in costs to serve its customers. As offered in prior comments, VEA continues to ask that the ISO consider small LSEs to ensure that an LSE's cost impact is proportionate to its contribution to the requirement, and the LSE has the ability to efficiently utilize its current procurement portfolio before incurring additional flexible RA costs through procurement.

Second, as the ISO further defines the framework and eligibility criteria, VEA asks that the ISO enable imports to meet flexible RA requirements. Recent experience during the solar eclipse shows that imports have the ability to provide significant ramping capabilities. Imports made up almost half of the lost solar production during the eclipse<sup>1</sup>; import schedules ramped up nearly 2,500MWs over a 90-minute period and then ramped back down more than 3,000 MWs over the subsequent 90-minute period. Allowing imports to provide flexible capacity will also enable the ISO and LSEs to more fully use the capabilities of the current fleet/portfolio to meet the ISO's operational and flexible RA requirements.

Lastly, the ISO has been aiming to incent economic participation from wind and solar resources. Having intermittent resources qualify to provide flexible RA would provide an incentive for economic participation. To that point, VEA asks that as the ISO develops the FRAC MOO 2 proposal, it also provide details on how intermittent resources would be able to provide flexible capacity. For example, would the must offer obligations align with when an intermittent resource would be available to ramp and would the must offer obligations change with the seasonal patterns of such resources?

VEA looks forward to continued discussions with the ISO and appreciates the ISO considering these comments.

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<sup>1</sup> Oct 5 Market Performance Planning Forum Presentation Slide 11 [http://www.caiso.com/Documents/Agenda-Presentation-MarketPerformance-PlanningForum-Oct5\\_2017.pdf](http://www.caiso.com/Documents/Agenda-Presentation-MarketPerformance-PlanningForum-Oct5_2017.pdf)