

## Western Power Trading Forum Comments on CAISO Regional RA Straw Proposal

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WPTF appreciates the opportunity to submit comments on the CAISO's April 13, 2016 Regional RA Straw Proposal. WPTF offers the following comments on the CAISO's proposal for a zonal system RA requirement.

### Planning Reserve Margin

WPTF supports the consideration of a loss of load expectation (LOLE) type criteria for setting the RA requirements. Such a method would likely more accurately reflect the resources and resource mix needed to support the grid. An LOLE methodology may also be more robust to sub-regional differences in that a consistent methodology could be adopted that may produce different results depending on the region to which the methodology is applied. WPTF recognizes that there may be an increased effort to establish and implement such a methodology, and that it may require a somewhat higher level of effort to apply each cycle even once implemented. Because of this WPTF may be supportive of an initial deployment of a Regional RA requirement based on a fixed planning reserve margin followed soon thereafter by a transition to an LOLE-based methodology.

### Counting Rules

WPTF recognizes that there are ongoing discussions at the CPUC on counting rules. WPTF supports the use of a consistent counting rule methodology across all the parts of the expanded footprint. WPTF also supports the ELCC methodology for its probabilistic robustness.

WPTF understands that the exceedance methodology has been shown to fail to capture saturation effects of specific renewable generating technologies. For example as solar generation fills early afternoon hours, the hours of highest system stress shift to the late afternoon, early evening, when solar generation is lower and contributes less to reliability. We also understand that the CPUC is transitioning to the use of ELCC to determine the capacity value of wind and solar for its RA program. This also provides motivation for the CAISO to switch to an ELCC methodology.

### Backstop Procurement

WPTF supports the ISO's proposal to be able to perform a reliability assessment, the outcome of which would then trigger or not the need for backstop procurement.

### MIC and Zonal Procurement

WPTF understands the ISO is proposing consideration of a zonal system RA requirement if the import capability into a zone does not fully satisfy the zonal system RA needs. While this method may have some promise WPTF encourages the ISO to provide more information about the interaction between the current import capability allocation process (MIC) and the proposed zonal requirements. WPTF believes that some method of allocation process of import capability is still needed, and that following such an allocation it would be inappropriate to allocate the residual zonal need pro-rata with no consideration for the MIC allocation that was already obtained by an LSE. Consider the following example: two LSEs have equal shares of load in two zones, and one LSE requests and receives all its MIC for import into one zone,

whereas the other LSE asks for and receives its MIC allocation split evenly between the two zones. If each zone had equal import capability and had equal residual needs, would it be appropriate to allocate the residual two each LSE 50/50? It would seem to make more sense to allocate the residual zonal requirement within a zone based at least somewhat on the relative shares of MIC. That is, while the LSE that split their MIC to deliver evenly to each of the two zones may be content to receive some residual requirement in each zone, the LSE that concentrated their MIC in one zone might expect to receive no residual zonal RA allocation to that zone for which they have a MIC allocation to deliver. If they also were allocated residual in both zones pro-rata then their MIC to the concentrated zone would be in a sense “wasted”. In some fashion if the MIC is to be retained then the zonal requirement should be aligned with the MIC allocation. Alternatively, some method could be envisioned that would allocate the residual zonal requirement wherein LSEs may be able to express preferences for the zones in which they prefer to take the residual requirement. The goal should be to allow LSEs to the greatest extent possible the ability to align their RA service and their resource portfolio. A simple pro-rata allocation of the zonal requirement would not do so.

Lastly WPTF urges the CAISO to develop a method to allocation MIC or zonal requirements on a multi-year basis. The single year MIC allocation process impedes commercial contracting efficiency and should be designed out in any new regionally expanded RA design.

Thank you for your consideration of our comments.