

## Stakeholder Comments Template

### Resource Adequacy Revised Straw Proposal

Submitted by	Organization	Date Submitted
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*Bonneville Power Administration (Bonneville) appreciates the opportunity to comment on the Resource Adequacy Enhancement Revised Straw Proposal.*

*Bonneville is a federal power marketing administration within the U.S. Department of Energy that markets electric power from 31 federal hydroelectric projects and some non-federal projects in the Pacific Northwest with a nameplate capacity of 22,500MW. Bonneville currently supplies 30 percent of the power consumed in the Northwest. Bonneville also operates 15,000 miles of high voltage transmission that interconnects most of the other transmission systems in the Northwest with Canada and California. Bonneville is obligated by statute to serve Northwest municipalities, public utility districts, cooperatives and other regional entities prior to selling power out of the region.*

#### **Determining System RA Requirements as described in Section 5.1.1.**

Bonneville supports the CAISO’s proposal to develop a methodology for calculating unforced capacity (UCAP) values and an assessment to ensure the shown Resource Adequacy (RA) capacity is sufficient to meet the CAISO’s system needs. Bonneville understands the CPUC and Local Regulatory Agencies have disparate planning reserve margins and recognizes the difficulty the CAISO faces in forecasting the appropriate seasonal UCAP requirement. The CAISO proposes including an “additional factor for observed year-ahead forecast error of about 2%”<sup>1</sup> Bonneville is interested in how this factor would be developed and evaluated, since it will be the basis for the system UCAP requirement. Bonneville looks forward to continued discussion and supporting analysis into the formation of the UCAP requirement and supports coordinating all important RA modifications through the CPUC’s RA program.

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<sup>1</sup> Page 17 of the 07/8-07/09/2019 CAISO RA Enhancements: First Revised Straw Proposal Stakeholder Meeting

**Forced Outage Rates and RA Capacity Counting as described in Section 5.1.2.**

Bonneville supports the CAISO’s proposal to develop a methodology for calculating and assessing UCAP values to ensure the shown RA capacity is adequate to meet the CAISO’s peak loads and ancillary service needs. Bonneville agrees that accounting for forced outage probabilities upfront in the RA assessment is the right approach especially given the recent high levels of forced outages the CAISO has seen from internal resources (+8000 MW of forced outages June 10-12, 2019)<sup>2</sup>.

Bonneville supports the proposed weighting of historical unit forced outage rates when determining the initial EFOR. As the CAISO states, assessing forced outages on hydro and RA Imports is not straightforward, Bonneville agrees and looks forward to working with the CAISO on determining the right approach. Bonneville proposes that the CAISO hosts a workshop solely focused on how to assess forced outages on DR, hydro, QFs, and new resources as well as system RA Imports.

**RA Import Provisions as described as described in Section 5.1.6.**

Source Balancing Authority

Overall, Bonneville supports CAISO’s proposed RA import provisions. Bonneville agrees that it is important to consider reliability issues associated with RA imports and supports the CAISO proposal to require the source Balancing Authority be identified at the time of the RA showing.

In the July 9<sup>th</sup> RA Enhancement workshop, the CAISO suggested that entities do not need to schedule from the source BA identified in the RA showings and that allowing substitution for economic reasons in the day ahead window is justified. This inconsistency between showing and performance does not, on the surface, appear to support reliability - unless the CAISO can validate the absence of double counting and obtain assurance of delivery on firm transmission. Bonneville would like to better understand why the CAISO does not find this inconsistency concerning and whether this is in alignment with the CPUC.

Bonneville agrees with the CAISO’s determination that resource-specific designations are not necessary to provide reliable RA imports. Imposing resource-specific restrictions leaves the CAISO with unit-contingent import RA supply, which can be less reliable than a system RA resource.

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<sup>2</sup> Page 16 of the 07/8-07/09/2019 CAISO RA Enhancements: First Revised Straw Proposal Stakeholder Meeting

### Firm Deliveries

Bonneville believes that to ensure reliability, all RA imports should be delivered on firm transmission regardless of whether the resource is unit specific or non-unit specific.

With reference to reliability; it appears the CAISO may be including ancillary services in the UCAP calculation, which implies RA is being used for ancillary services.<sup>3</sup> If the CAISO is counting import RA supply for ancillary services, the CAISO should require firm transmission for RA imports, per the NERC standards.

Without a CAISO firm transmission requirement for RA imports, there is no incentive to supply more reliable transmission because hourly non-firm in many instances is more economical than firm, especially when actual deliveries are unknown until day-ahead. In addition, the CAISO Intertie Deviation Settlement Policy's T-45 tagging requirement will help discourage speculative RA import supply. However, because the Policy excludes path operator schedule curtailments from non-delivery penalties and the Policy does not distinguish between curtailments of schedules using firm or non-firm transmission, the policy does not incent the use of firm transmission. Finally, the CAISO excludes transmission curtailments from UCAP calculations<sup>4</sup>. To reiterate, there is currently no economic incentive to deliver import RA on firm transmission.

Bonneville supports the CAISO working with the CPUC to standardize and refine requirements for RA imports. Bonneville notes that the term "firm" is currently open for interpretation in both the CPUC and CAISO documents and would like clarification. It is unclear if "firm" incorporates a self-schedule requirement (which Bonneville does not support), and it is not clear if the CAISO and CPUC are proposing (7-F) transmission be required for the entire path or only on the interties<sup>5</sup>. For reliability reasons, Bonneville supports a requirement for wheeling RA imports on 7-F transmission from the source to the CAISO.

### Must Offer Obligation

Bonneville has traditionally supported a 24x7 must offer obligation for RA import energy, but can support the CAISO's proposal to retain the current design (must offer obligation only in peak hours) because doing so may lower costs to loads. This support is conditional on the understanding that the CAISO will conduct additional analysis and explore relevant events to determine if the current peak load UCAP evaluation satisfies the CAISO's reliability needs.

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<sup>3</sup> Section 5.1.1 (Page 10) of the CAISO Resource Adequacy Enhancements Revised Straw Proposal (07/01/2019).

<sup>4</sup> Table 2, (Page 17) of the CAISO Resource Adequacy Enhancements Revised Straw Proposal (07/01/2019).

<sup>5</sup> The current CPUC language in D.04-10-035 is not clear, specifically the phrase "bumped by higher priority transmission,"

### Maximum Import Capability

Regarding the Import Capability Assignment Process, Bonneville supports the CAISO's proposed auction mechanism. Bonneville agrees with the objective of providing all LSEs an opportunity to procure intertie-specific import capability rights and is concerned with the potential for hoarding of such rights. Bonneville looks forward to more information on the proposed auction process.

### **Flexible Resource Adequacy – Section 5.2**

As Bonneville has indicated in prior comments, the flexibility problem the CAISO is trying to address is large; it has grown, and is expected to grow further if not mitigated.<sup>6</sup> To this end, Bonneville supports opening-up flexible RA to intertie resources and encourages adoption of the same firm deliverability requirements for imported flexible RA as for system import RA, as both are used for reliability.

Bonneville acknowledges that the “CAISO is developing market rules to procure imbalance reserves as part of its Day-Ahead Market Enhancements stakeholder initiative.”<sup>7</sup>

Bonneville agrees that, “The objective of imbalance reserves is to ensure the day-ahead market has sufficient resources awarded with upward and downward ramping capabilities to address real-time imbalances.”<sup>8</sup> Bonneville also enthusiastically supports the CAISO's proposal “to develop flexible resource adequacy capacity requirements to align with the proposed imbalance reserves to address uncertainty needs between the day-ahead and fifteen minute markets.”<sup>9</sup> Thus Bonneville urges the CAISO to accelerate the development of its policy for Flexible RA, its policy development for the Imbalance Reserve Product (IRP) and the policy alignment of the two proposals while simultaneously continuing to pursue an integrated IFM and RUC that both values attributes needed for reliable operations and is extendable to a the broader EIM Area.

### **Additional comments**

At this point in time, Bonneville does not have additional comments on the Resource Adequacy Revised Straw Proposal.

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<sup>6</sup> Comments on Day-Ahead Market Enhancements (DAME), Bonneville Power Administration, July 11, 2019, page 2.

<sup>7</sup> Resource Adequacy Enhancements – Revised Straw Proposal, CAISO, July 1, 2019, page 58.

<sup>8</sup> Resource Adequacy Enhancements – Revised Straw Proposal, CAISO, July 1, 2019, page 58.

<sup>9</sup> Resource Adequacy Enhancements – Revised Straw Proposal, CAISO, July 1, 2019, page 58.