



Stakeholder Comments Template

Resource Adequacy Enhancement Initiative: Second Revised Straw Proposal

This template has been created for submission of stakeholder comments on the **Resource Adequacy Enhancements Initiative, Second Revised Straw Proposal** that was held on October 9, 2019. The meeting material and other information related to this initiative may be found on the initiative webpage at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/ResourceAdequacyEnhancements.aspx>

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on October 24, 2019.

Submitted by	Organization	Date Submitted
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Please provide your organization’s comments on the following topics. When applicable, please indicate your organization’s position on the topics below (Support, Support with caveats, Oppose, or Oppose with caveats). Please provide examples and support for your positions in your responses.

CDWR appreciates the opportunity to comment on CAISO’s RA Enhancements Second Revised Straw Proposal.

System Resource Adequacy

1. Determining System RA Requirements

Please provide your organization’s feedback on the System RA Requirements proposal as described in the second revised straw proposal.

The CAISO’s RA Enhancements proposal is designed to address RA requirements in the context of typical utilities and typical generators. CDWR is neither. In light of the changes proposed and the impact they would have on CDWR’s operations and economics, it is essential for CAISO to recognize and take into account the fact that CDWR is not a typical utility, a typical load serving entity (LSE) or a typical generator. As discussed below, further clarification and amendment is needed to the proposal before CDWR can support it. CDWR is prepared to discuss with CAISO some way to

make it possible for it to supply its RA obligations consistent with the needs of its unique system.

CDWR has no retail customers. Its load consists of pumps that CDWR uses to move water through the State Water Project and deliver it to users throughout California. CDWR also has statutory responsibilities such as environmental requirements, flood control and timely water delivery that require it, at times, to dispatch its hydroelectric plants or run its pumps without reference to economic signals from the CAISO markets.

That being said, however, CDWR has, since CAISO's inception, adjusted its operations to the extent possible to shift its load to low cost and low load times of day, while it generates, to the extent possible, when its resources can obtain the highest price, which would presumably be hours when load is highest and CAISO is dealing with fast ramps. Because CDWR can plan its loads most (but not all) of the time, it can also adjust its operations to changes in CAISO needs, such as shifting operations to take into account the change of time in CAISO peak loads. In short, while CDWR must remain free to operate or not operate its facilities when overriding statutory mandates are present, it has adjusted its operations to provide CAISO with significant diversity benefits.

With respect to Resource Adequacy, the CAISO's current requirements for system RA are well suited to CDWR's special circumstances, and there are significant unanswered questions and challenges associated with changing those requirements. CAISO has not yet proposed how it will calculate a UCAP for system hydro constrained by non-economic mandates, nor will it find forced outage data for pumping loads in either GADS or OMS.

In addition, variations in the level of water available in any year, and the difficulty of predicting when or where rain or snow will fall at any given time, makes it very difficult to predict load and resources with much accuracy on a monthly basis a full year in advance.

CAISO's current system RA requirements are based on the coincident peak load forecast determined by the California Energy Commission (CEC) for each LSE. This is an arrangement that CDWR can and has successfully managed to satisfy its RA obligations. CAISO's new proposal will not work well for CDWR or CAISO and has the potential to significantly increase CDWR costs without helping RA (and possibly exacerbating the problems CAISO is trying to solve). CAISO should not change the rules for CDWR unless it has a workable arrangement to propose.

When CDWR shifts load to low energy price hours (e.g., solar hours) it increases load significantly during those hours. In doing so, CDWR helps in mitigating the oversupply conditions when the net load or the energy price is lower. If CDWR were required to meet its capacity and energy requirement based on its peak load during the lowest net load or lower price hours, it would result in higher costs for CDWR. As a result, CDWR would not be incentivized to increase or shift load during low energy price or low net load hours to mitigate oversupply condition. Forcing CDWR to meet a capacity requirement based on its highest demand (that might coincide with low net load or low energy price hours) may exacerbate the oversupply condition. Further, CDWR may be

forced to shift load to other hours including system coincident peak hour to flatten the load in order to reduce its capacity obligation. This would discourage demand response triggered by price signal unless the capacity requirement is based on CAISO system coincident peak demand for CDWR. Therefore, even though CAISO will test for sufficiency to meet all hours' energy need systemwide apart from the UCAP test, CDWR should be required to meet its system RA requirement based on the CEC's forecast of its coincident peak demand.

2. Forced Outage Rates Data and RA Capacity Counting

Please provide your organization's feedback on the Forced Outage Rates and RA Capacity Counting and Forced Outage Rate Data topics as described in the second revised straw proposal.

While CDWR believes that Local Reliability Authorities, including CDWR, should retain their jurisdiction to establish planning reserve requirements and NQC counting rules for their own resources, reasonable criteria matching CDWR's unique circumstances and resources are particularly critical. A rule of general applicability is unlikely to work for CDWR, particularly where all of CDWR's resources fall into the category of resources for which CASIO does not have a plan for calculating UCAP. CDWR's hydro is not suited for algorithmic calculation of economic bids, and no outage data exists anywhere for pumping loads. CAISO has not proposed how participating load pseudo gen providing RA will have forced outage rate assessed given no history of forced outage. The pump provides RA with non-spin with contingency flag. There has been no record of forced outage of the pseudo gen.

CDWR urges CAISO to develop a proposal for calculating UCAP for hydro resources and pumping load that is both workable and acknowledges the unique nature of CDWR's resources. CDWR is willing to work with CAISO to address these issues. This issue is critical to CDWR supporting the proposal.

3. Proposed Forced Outage Rate Assessment Interval

Please provide your organization's feedback on the Proposed Forced Outage Rate Assessment Interval topic as described in the second revised straw proposal.

See response to question 2. CDWR needs specific rules for resources for which CAISO has no current plan for calculating UCAP.

4. System RA Showings and Sufficiency Testing

Please provide your organization's feedback on the System RA Showings and Sufficiency Testing proposal as described in the second revised straw proposal.

See response to question 1. One size does not fit CDWR, which is a completely unique entity within CAISO.

5. Must Offer Obligation and Bid Insertion Modifications

Please provide your organization's feedback on the Must Offer Obligation and Bid Insertion Modifications proposal as described in the second revised straw proposal.

In Table 3 (Exemptions to standard MOO and Bid insertion), the proposal indicates that "Pumping Loads" are required to submit economic bids or self-schedules for all available energy up to RA capacity quantity for DA MOO. Currently a PL submits non-spin with contingency flag as DA MOO. Pumping load cannot offer energy drop in DAM as the CAISO Tariff and system model only allow CDWR to submit non-spin in the DAM. The proposed requirement to offer all available energy up to RA capacity does not align with the applied model capability and the current tariff and BPM provisions on pumping load RA must offer requirement. CDWR had expressed the same concern in BPM PRR#1169 and CAISO has addressed it recently. CDWR believes a PL should be required to offer non-spin bid with contingency flag for DA MOO. CAISO should take the opportunity to address this long-standing limitation now.

CDWR supports a bid insertion exemption for pumping load and run-of-river hydro Resources. CAISO must also exempt hydro resources that must heed non-economic dispatch obligations. However, bid insertion in general to other hydro resources may impose unexpected consequences as the availability is highly uncertain as the hydro generation in California varies widely year to year. If the resource is physically incapable of generating, it is unclear how bid insertion will make resource available to generate.

CAISO suggests that these issues could be managed by registering a unit as use-limited or as a conditionally available resource (CAR). CDWR requests additional information on how CAISO proposes that Pumping Load could use either use-limited or CAR status to manage its RA obligations.

6. Planned Outage Process Enhancements

Please provide your organization's feedback on the Planned Outage Process Enhancements proposal as described in the second revised straw proposal.

CDWR supports: a) provision to allow internal resources to be shown for subsets of a month, b) development of a planned outage calendar, c) development of a substitute capacity bulletin board, d) provision for opportunity outages.

The proposal states that:

If a resource has submitted a request for a planned outage and the resource is still on an RA showing, then the CAISO will notify the resource of a discrepancy and give the resource the opportunity correct the discrepancy. If the discrepancy is not corrected, the CAISO has two options. First, the CAISO could cancel the planned outage. Given CAISO's objective not to cancel planned outages, this is not a preferred outcome. The other option is to account for the planned outages in the RA adequacy assessment. This option would put the burden for replacement capacity on the LSE. The CAISO seeks stakeholder feedback regarding which of these options is the preferred approach.

CDWR prefers the latter option. Allowing an LSE to find replacement capacity for outage days is preferable than denying planned outages.

The proposal also states:

If the CAISO rejects the outage, then the replacement capacity's RA obligation is absolved, **and the R are only for the duration approved** by the CAISO. Any requested extensions must be made more than eight days prior to the last day of the approved outage window. If approved, these outages will not be included in forced outage calculations. Any extensions made after that date will be treated **as planned as forced**.

CDWR urges CAISO to clarify the highlighted sentences above, which appear to contain typographical errors.

7. RA Imports Provisions

Please provide your organization's feedback on the RA Imports Provisions proposal as described in the second revised straw proposal.

Documentation such as contract language or attestation from import supplier maybe unnecessary if the import comes with etags including "Firm" energy backed up by the source BAA system resources, source BAA, and sink BAA; Etags may suffice for the intended "firmness" of the import delivery.

Flexible Resource Adequacy

8. Identifying Flexible Capacity Needs and Requirements

Please provide your organization's feedback on the Identifying Flexible Capacity Needs and Requirements topic as described in the second revised straw proposal.

No comment.

9. Setting Flexible RA Requirements

Please provide your organization's feedback on the Setting Flexible RA Requirements topic as described in the second revised straw proposal.

No comment.

10. Establishing Flexible RA Counting Rules: Effective Flexible Capacity Values and Eligibility

Please provide your organization's feedback on the Establishing Flexible RA Counting Rules: Effective Flexible Capacity Values and Eligibility topic as described in the second revised straw proposal.

No comment.

11. Flexible RA Allocations, Showings, and Sufficiency Tests

Please provide your organization's feedback on the Flexible RA Allocations, Showings, and Sufficiency Tests topic as described in the second revised straw proposal.

Slide 112 indicates CAISO will assess the long-ramp showings independent of the fast-ramp, and uncertainty showings. However, slide 101 indicates Flexible RA will be a single product designed to ensure adequate imbalance reserves. Content in the slide 112 looks like an error as the CAISO envisions to have a single flexible RA product.

12. Flexible RA Must Offer Obligation Modifications

Please provide your organization's feedback on the Flexible RA Must Offer Obligation Modifications topic as described in the second revised straw proposal.

CDWR supports voluntary offer of imbalance reserve product from generic RA resources.

Local Resource Adequacy

13. UCAP for Local RA

Please provide your organization's feedback on the UCAP for Local RA topic as described in the second revised straw proposal.

No comment.

Additional comments

Please offer any other feedback your organization would like to provide on the RA Enhancements Initiative.

CDWR is willing and able to negotiate RA arrangements that will work with its unique system situation and needs, in a way that would enable CDWR to support the proposal.