



Stakeholder Comments Template

RA Enhancements

This template has been created for submission of stakeholder comments on the straw proposal part two that was published on February 28. The paper, Stakeholder meeting presentation, 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 March 20.

Submitted by	Organization	Date Submitted
<p><i>Scott Olson</i></p> <p><i>Director, Western Government and Regulatory Affairs, Direct Energy</i></p> <p><i>510.778.0531</i></p> <p><i>Scott.olson@directenergy.com</i></p>	<p><i>Alliance for Retail Energy Markets (AREM):</i> a California non-profit mutual benefit corporation formed by electric service providers (ESPs) that are active in the California's direct access market</p>	<p><i>20 March 2019</i></p>

Please provide your organization's comments on the following issues and questions.

- **Review of counting rules in other ISO/RTO's**

Please provide your organization's feedback on this topic, described in Section 4.1. Please explain your rationale and include examples if applicable.

No comments at this time.

- **Capacity counting and availability best practices**

Please provide your organization's feedback on this topic, described in section 4.2. Please explain your rationale and include examples if applicable.

No comments at this time.

- **RA counting rules and assessment enhancements**

Please provide your organization's feedback on the following sub-section topics, described in section 4.3.

Please indicate any analysis and data review that your organization believes would be helpful to review on the this topic. Please provide details and explain your rationale for the type of data and analysis that you suggest.

- a. Calculating NQC, UCAP, and EFC values topic, described in section 4.3.1.

Generally, AReM does not support use of the UCAP. The proposed approach places an undue burden on LSEs based on assumptions of RA resource outages, instead of actual outages:

- The stated intent of the program is to assure that LSEs procure reliable resources, not just the least expensive. In effect today, LSEs already have this obligation—substitute capacity must be procured if resources do not perform and they drop below a certain reliability level. The proposal would replace this actual performance basis with an assumed performance basis (UCAP) which will never be as accurate.
- As designed, the program may create an artificial shortage from day one. The CAISO should evaluate if the NQCs submitted by LSEs in the most recent RA showing when discounted to create a UCAP number would have met the CAISO standards for RA needs and not trigger backstop procurement. No backstop procurement was triggered in 2018; if under this approach, it is found that the UCAP discounting process would have identified deficiencies in the LSE procurement plans, then problems exist with the CAISO proposal which must be rectified. Given the tightening RA market, the forcing LSEs to procure additional capacity purely based on the construct when no real shortage exist will raise prices for all customers.

However, if the CAISO moves forward with this proposal, AReM recommends a number of changes to the program:

- Support Calculation of a Monthly or Seasonal EFORD, and Regular Updates: RA prices vary considerably by month, with summer peak season the highest cost. Many generators defer maintenance until off-peak periods to assure that they are available during the summer peaks. Any calculation of the EFORD needs to reflect this variation to assure that the numbers match actual availability based on yearly maintenance schedules. Having an average annual EFORD would improperly discount availability in the summer and create artificial shortages, driving up RA

prices. CAISO needs to clarify how often the EFORd numbers will be updated and do so on a regular basis.

- Delay Implementation of EFORd and EFC for Flexible Capacity Until Generators Can Adjust Their Availability Schedules: Implementation of EFORd and the use of EFC for flexible capacity creates a new set of incentives for generators. Using current historic data may not align with this initiative. If the CAISO implements a program which involves calculation of EFORd and EFC taking into account the percent of availability capacity bid into the market, generators should be given at least one year to align their operations with the incentives developed by the program.
- Should Consider Different Timeframes for System and Flex Availability: CAISO should focus on the times when each RA type is really needed and not have one UCAP for each. While simpler to have one number, calculating availability from 5 AM to 9 PM is far too broad of a window for System availability.

b. Determining System, Local, and Flexible RA requirements topic, described in section 4.3.2. Please explain your rationale and include examples if applicable.

No comments at this time.

c. RA showings, supply plans, and assessments topic, described in section 4.3.3. Please explain your rationale and include examples if applicable.

- LSEs Need to Know the UCAP: The CAISO proposal has LSEs procuring based solely on the NQC, with the CAISO then adjusting each resource based on its UCAP. CAISO then states that deficiencies will be identified after this adjustment is made. If LSEs do not know the UCAP of their resources, they could be penalized for a deficiency that they were not aware of since they do not have access to the UCAP data. If the program is implemented, this information needs to be made public to inform RA procurement decisions.

d. Backstop capacity procurement topic, described in section 4.3.4. Please explain your rationale and include examples if applicable.

- Backstop Procurement Based on System UCAP Test Only, not individual LSEs: Under this program, LSEs don't know UCAP and thus shouldn't be held liable for UCAP shortages. Just like the current RA program, backstop procurement should only be based on collective, not individual deficiencies, to prevent overprocurement. Individual RA shortfalls will be reconciled via the CPUC waiver and penalty process.

- **Review of RA import capability provisions**

Please provide your organization's feedback on the following sub-section topics, described in section 4.4.

Please indicate any analysis and data review that your organization believes would be helpful to review on the this topic. Please provide details and explain your rationale for the type of data and analysis that you suggest.

- a. Maximum Import Capability Calculation review, described in section 4.4.1. Please explain your rationale and include examples if applicable.

No comments at this time.

- b. Available Import Capability Allocation Rrocess review, described in section 4.4.2. Please explain your rationale and include examples if applicable.
 - AReM supports modifications to allow for release and reallocation, or transfer of unused import RA capacity, but this should occur after the year-ahead, not initial monthly RA showings. Recommend that CAISO perform an evaluation to be done after the YA showing, as most LSEs should have procured a large portion of their monthly RA requirements for the upcoming year by then. This would then provide LSEs another option to fill their remaining RA needs for the month ahead showings.

Additional comments

Please offer any other feedback your organization would like to provide on the RA Enhancements straw proposal – part two.

None at this time