



Stakeholder Comments Template

Resource Adequacy Revised Straw Proposal

This template has been created for submission of stakeholder comments on the *Resource Adequacy Revised Straw Proposal* that was published on July 1, 2019. The proposal, 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 July 24.

| Submitted by | Organization | Date Submitted |
|--------------------------------|--------------|----------------|
| Grant McDaniel 530-300-3562 | Wellhead | 7/24/19 |

Please provide your organization’s comments on the following issues and questions. Please explain your rationale and include examples if applicable.

1. System Resource Adequacy

- Please provide your organization’s feedback on the *Determining System RA Requirements* as described in *Section 5.1.1*.

Wellhead agrees that the RA accounting should reflect both NQC and some threshold UCAP value to accommodate actual forced outage rates. Wellhead supports the proposed UCAP requirement of forecast load plus all other ancillary services and flex ramping needs. It seems reasonable, under this construct, to imply that a resource with a forced outage rate of less than 6% (in the example cited) would not impact its NQC contribution to the system adequacy which should mean that the system RA product can continue to be transacted at NQC values with some minor revisions for UCAPs below the threshold.

While the UCAP is intended to only be applied to system level resources, Wellhead is very concerned with its impact to local RA resources. The proposal appropriately leaves the current NQC/RAAIM construct in place for local

resources, but since local RA resources are sold as both local and system resources, it is unclear how the CAISO's proposal would ensure that local resources do not incur a double hit for RAAIM and UCAP. The same concerns also flow from the EFCs but is compounded since under the EFC proposal the EFC can no longer equal the NQC unless forced outage rate is 0.0%. As both issues will impact current bilateral contracts/markets, the CAISO should proceed cautiously and seek to fully understand how the UCAP will affect all RA products.

- Please provide your organization's feedback on the *Forced Outage Rates and RA Capacity Counting* as described in *Section 5.1.2*.

Wellhead supports the CAISO's proposed UCAP calculation, assessment period, and weighting. Wellhead appreciates CAISO's recognition that an incentive mechanism, like the weighting proposal, that allows resources to improve their UCAP values at reasonable recovery rates is necessary. Wellhead would like the CAISO to further explore an option to cure any forced outages that are statistical outliers as bad things can happen to good resources.

Wellhead also requests that the CAISO remove, or modify, the BPM language to clearly define when planned outages that are converted forced outage may be a tariff violation.

Wellhead has concerns with some of the example categorizations of applicable forced outages provided by CAISO. In cases in which nature of work does not affect the resource's availability, such as metering and telemetry and RTU/RIG, the forced outage should not apply.

- Please provide your organization's feedback on the *System RA Showings and Sufficiency Testing* as described in *Section 5.1.3*.

At this time, Wellhead supports the System RA showing Sufficiency Testing using the Net Load Deterministic model on the IOOC platform (as a starting point) as proposed.

- Please provide your organization's feedback on the *Must Offer Obligation and Bid Insertion Modifications* as described in *Section 5.1.4*.

At this time, Wellhead supports the Must Offer Obligation and Bid Insertion Modifications as proposed.

- Please provide your organization's feedback on the *Planned Outage Process Enhancements* as described in *Section 5.1.5*.

The proposed planned outage process modification is a step in the right direction, but this issue requires much more discussion with the stakeholders. Improvements to the current planned outage and replacement process is critical and will become even more critical as RA supplies tighten. While Wellhead welcomes the development of a planned outage calendar, its applicability to only system RA is insufficient. The proposed POSO requirements point to the necessity of a planned outage tool that will also incorporate local area resources. Wellhead appreciates that the CAISO's ability to provide accuracy for outage planning is very limited at a local level; however, even if the planned outage tool is only 40% to 60% accurate, it will increase the odds of planned outage acceptance dramatically. If all resources are using the CAISO's planned outage calendars (local and system) the level of coordination can at least have an opportunity to improve.

- Please provide your organization's feedback on the *RA Import Provisions* as described as described in *Section 5.1.6*.

Wellhead maintains that RA imports should be held to the same MOO as internal resources.

- Please provide your organization's feedback on the *Maximum Import Capability Provisions* as described in *Section 5.1.7*.

Wellhead has no comments at this time.

In summary, please provide your organization's position on System Resource Adequacy (Section 5.1). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

Wellhead can support with the caveats provided that the current interaction of UCAP on local resources is clearly resolved and that all outage planning tools are extended to the local level.

2. Flexible Resource Adequacy

- Please provide your organization's feedback on the *Identifying Flexible Capacity Needs and Requirements* as described in *Section 5.2.1*.

At this time, Wellhead fully supports the CAISO proposal to align flexible capacity needs with the imbalance reserve product.

- Please provide your organization's feedback on the *Identifying Flexible RA Requirements* as described in *Section 5.2.2*.

At this time, Wellhead fully supports the CAISO proposed flexible capacity requirement definitions.

- Please provide your organization's feedback on the *Setting Flex RA Requirements* as described in *Section 5.2.3*.

At this time, Wellhead supports the CAISO proposed changes to the flexible requirement formula, but offers the following:

- The CAISO should include an additional quantity of fast ramping requirement to account for the overlap between operating reserves and flexible RA capacity
- CAISO should weight the three years of historical data: 20%,30%, and 50% to ensure that it stays ahead if the uncertainty curve.

- Please provide your organization's feedback on the *Establishing Flexible RA Counting Rules: Effective Flexible Capacity Values and Eligibility* as described in *Section 5.2.4*.

Wellhead supports the eligibility rules but cautions that some details such as the CAISO's proposal to not require minimum start or ramp requirements may be workable, is entirely dependent upon the Day-Ahead Market Enhancements Imbalance Reserve methodology that is deployed.

Wellhead does not support the EFC being capped at the resource's UCAP and reminds CAISO that this could have significant implications in the bilateral

market. Wellhead believes that the CAISO should consider EFC = NQC and only begin clipping of the EFC when UCAP fall below the required threshold.

- Please provide your organization's feedback on the *Flexible RA Allocations, Showings, and Sufficiency Tests* as described in *Section 5.2.5*.

At this time, Wellhead supports the proposed Flexible RA Allocations, Showings, and Sufficiency Testing.

- Please provide your organization's feedback on the *Flexible RA Must Offer Obligation Modifications* as described in *Section 5.2.6*.

At this time, Wellhead supports the proposed Flexible RA Must Offer Obligation Modifications.

In summary, please provide your organization's position on Flexible Resource Adequacy (Section 5.2). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

In summary, Wellhead supports the Flexible RA proposal with caveats, primarily the cap on EFC at the resources at UCAP.

3. Local Resource Adequacy

- Please provide your organization's feedback on the *Local Capacity Assessments with Availability Limited Resources* as described in *Section 5.3.1*.

As stated above, Wellhead's primary concern with the proposal for Local RA is the lack of analysis and discussion on how the UCAP can and will without appropriate mechanisms in place, impact local resources. Wellhead encourages CAISO to provide additional information and opportunities for stakeholders to provide input on this critical topic.

- Please provide your organization's feedback on the *Meeting Local Capacity Needs with Slow Demand Response* as described in *Section 5.3.2*.

At this time, Wellhead has no comment.

In summary, please provide your organization's position on Local Resource Adequacy (Section 5.3). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

Given the lack of any detail or discussion of the iteration of UCAP with local RA resources, Wellhead must Oppose with caveats. Wellhead understands and appreciates the breadth of this stakeholder initiative and looks forward to working with CAISO to better understand this issue.

4. Backstop Capacity Procurement Provisions

- Please provide your organization's feedback on the *Capacity Procurement Mechanism Modifications* as described in *Section 5.4.1*.

At this time, Wellhead has no comment.

- Please provide your organization's feedback on the *Reliability Must-Run Modifications* as described in *Section 5.4.2*.

At this time, Wellhead has no comment.

- Please provide your organization's feedback on the *UCAP Deficiency Tool* as described in *Section 5.4.3*.

At this time, Wellhead has no comment.

In summary, please provide your organization's position on Backstop Capacity Procurement Provisions (Section 5.4). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

At this time, Wellhead supports the proposal for Backstop Capacity Procurement.

Additional comments

Please offer any other feedback your organization would like to provide on the Resource Adequacy Revised Straw Proposal.

Wellhead strongly encourages the CAISO to add an additional round of stakeholder meetings/straw-proposal to this initiative.