

Stakeholder Comments Template

Flexible Resource Adequacy Criteria and Must Offer Obligation - Phase 2 Straw Proposal

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the straw proposal for the Flexible Resource Adequacy Criteria and Must Offer Obligation - Phase 2 that was posted on December 11, 2015. The straw proposal and other information related to this initiative may be found at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/FlexibleResourceAdequacyCriteria-MustOfferObligations.aspx>.

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **January 6, 2016**.

If you are interested in providing written comments, please organize your comments into one or more of the categories listed below.

1. Provision of flexible capacity by import or export resources

1.1.) Capping Intertie Flexible Resource Adequacy (RA) at 50% of total flexible RA capacity requirement

The CAISO's proposal to cap imports at 50% of total flexible capacity showing does not reflect CAISO's actual flexible ramping capacity need. In the straw proposal CAISO identifies a maximum flexible ramping capacity need of 690-732 MW in the Real Time Dispatch 5-minute interval and 4,905-5,148 MW in the 40-minute interval. Real Time transactions, subject to DTC availability, and fifteen-minute static imports are capable of providing significantly more than 50% of CAISO's total flexible RA requirement.

The CAISO has not provided any analysis used to arrive at the 50% cap on intertie flexible RA and has not described specific reliability concerns or constraints on California-Oregon Intertie. Imports from Pacific Northwest hydroelectric systems are ideal resources to fulfill the flexible ramping RA requirements. An entirely arbitrary cap on intertie flexible RA resources may be appropriate during the initial implementation, but any cap should be re-evaluated when more data is available. After the implementation phase, any cap on intertie flexible RA resources should be based on actual reliability requirements instead of an arbitrary value.

1.2.) CAISO has not demonstrated that resource specific criteria are necessary

CAISO's straw proposal identifies a concern that an intertie flexible RA resource could be used to meet a resource-specific flexible RA capacity requirement in one balancing authority area (BAA) and also be counted as a non-resource specific flexible RA capacity requirement in another BAA, thereby resulting in the same resource being double-counted. As a way to address this concern, CAISO proposes to limit intertie flexible RA capacity to specific resources. CAISO's proposal will not eliminate the potential for double counting non-participating specific resources imported to CAISO and the EIM BAAs. CAISO's proposal to limit flexible RA imports to resource specific criteria will limit the supply pool without providing a solution to the double counting concerns.

CAISO has not provided any technical analysis to show that imports from system resources are not capable of the meeting the flexible RA performance requirements. Prohibiting flexible RA imports from system resources in order to preclude EIM entities from potentially double counting capacity is discriminatory treatment. Therefore, Bonneville would like to have further discussions on applicability of system resources with respect to resource specific criteria for intertie flexible RA capacity.

A preventative solution for flexible RA double counting may be challenging to implement, expensive, and fail to achieve the desired outcomes. As an alternative, CAISO could consider adding a restriction in Tariff Section 40 to prohibit Scheduling Coordinators from submitting a Supply Plan in which the same portion of designated capacity from a resource is used to meet a resource specific flexible RA requirement in one BAA and a non-resource specific flexible RA requirement in another BAA.

1.3 CAISO should provide further details about the impacts a PacifiCorp/Nevada Energy PTO integration would have on intertie scheduling points and maximum import capability allocation.

2. Flexible capacity from pumped-storage hydro model

No comment

3. Merchant Variable Energy Resources

No Comment

4. Allocating negative contributions to flexible capacity requirements

No Comment

5. Resource adequacy showing requirements for small LSEs

No Comment

6. Other.

6.1 Downward flexible RA requirement:

Relying on energy market incentives alone may not provide CAISO with the resources necessary to manage future oversupply. Bonneville encourages CAISO to continue development of a downward flexible RA requirement. Market participants need clear rules,

lead time, and price signals to invest in resources. Without these essential components the market participants may not be able to meet all of the CAISO's oversupply management needs.

6.2 Flexible RA reserve margin and load forecast methodologies

CAISO may face significant challenges if LRAs adopt differing flexible RA reserve margin and load forecasting methodologies.

6.3 Bonneville Load in PAC/NVE

Bonneville serves loads that are located within the PACE, PACW and NVE BAAs. If PAC or NVE becomes a PTO then CAISO will need to recognize that these loads should have the right to self-supply flexible RA.