

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

The California Large Energy Consumers Association (CLECA) is encouraged by the proposal to allow imports with firm energy to provide flexible capacity. This should allow flexible hydro resources from outside the state to provide flexibility. CLECA also believes that further assessment of the use of exports to provide flexible capacity is worthwhile. We support the transition of this stakeholder process toward finding an economic solution to the oversupply problem.

However, CLECA notes that the consideration of market changes to facilitate the use of an economic solution to address oversupply appears to be spread among numerous new stakeholder initiatives, including Stepped Constraints and Real-Time Market Enhancements. It is difficult to track the numerous stakeholder initiatives that are proposed to deal with aspects of oversupply. Similar challenges have arisen regarding RSI 2 and CCE 3. We ask that the CAISO develop a single issue paper in which it provides a roadmap of which issues related to flexibility and oversupply will be addressed in which stakeholder initiatives and the associated timing, so that stakeholders will be able to track these issues. Moreover, there needs to be a

comprehensive assessment of any and all interactions among the processes, which we believe should be included in the single issue paper so those interactions can be assessed.

2. Flexible capacity from pumped-storage hydro model

As we noted in the CPUC Resource Adequacy proceeding, CLECA would support a viable proposal to allow pumped-storage hydro to provide flexible capacity. We look forward to proposals from stakeholders who have or have plans to build such facilities.

3. Merchant Variable Energy Resources

The data provided by the CAISO so far suggests that these are not a major concern at present. However, the CAISO should track such facilities to see if they become more material in the future.

4. Allocating negative contributions to flexible capacity requirements

CLECA supports the CAISO proposal to provide LRAs with information on their contributions to the three-hour ramp. Indeed, CLECA supported PG&E's proposal in the CPUC RA proceeding, R. 14-10-010, to adopt the use of contribution to the ramp as a basis for allocating flexible RA responsibility. It would be useful to have some information on how much variation there is in this contribution as well as more details on how the proposal to have LRAs sell negative contributions would actually work in practice.

5. Resource adequacy showing requirements for small LSEs

No comment at this time.

6. Other.

CLECA supports the CAISO's proposal to limit the flexible capacity obligation to upward flexible capacity and to address forecast oversupply conditions through 1) providing LSEs and LRAs information on forecast operational needs, including downward flexible capacity needs, to help guide capacity procurement, and 2) review of existing market rules to identify enhancements to provide clear economic signals to guide investment and market participant behavior to support operational needs.

CLECA reiterates its request for a single issue paper outlining where and on what timeline all oversupply and flexibility issues are being addressed and an assessment of how the issues and proposals interact.