Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative

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 Regional Resource Adequacy initiative that was posted on February 23, 2016. Upon completion of this template please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **March 16, 2016.**

Please provide feedback on the Regional RA Straw Proposal topics:

Introductory Comments

CMUA appreciates the CAISO's efforts to examine the Resource Adequacy (RA) paradigm and its first attempt to fashion any changes that may be needed to adapt the program to the possibility the expansion into a multi-state ISO. CMUA's overarching concern is to "do no harm," and make only such changes that may be necessary or compelling if there is a firm regional expansion proposal. In that regard, CMUA urges the ISO to clarify how any changes to the RA provisions in the Tariff will be made effective. As the ISO is well aware, many of the RA provisions have developed over time and is a careful balance of roles, responsibilities, and jurisdictional boundaries. CMUA does not support changes to RA-related Tariff provisions that would go into effect prior to PacifiCorp's effective Go-Live Date for becoming a Participating Transmission Owner, setting aside minor details such as the timing of required reporting obligations. CMUA urges the CAISO to clarify this point. We should not be making Tariff changes "on the come," in an attempt to facilitate future hypothetical new Participating Transmission Owners that may seek to be integrated in the CAISO Balancing Authority Area.

1. Load Forecasting

CMUA requests additional detail and clarification as to how load forecasting determinations and potential disputes are resolved. As RA requirements become more granular, is it reasonable to assess how more granular load forecasts that affect Tariff development (accounting for

Distributed Generation, Demand Response, etc, as the CAISO has noted) may be accomplished. Right now, although the CEC is responsible for LSEs in the CAISO BAA, that forecast is derived from LSE data submitted pursuant to numerous report forms. As such, LSEs have a strong role in their own load forecasting used ultimately by the CAISO. The CAISO has not explained why or if that should change, and CMUA does not believe that it should. Similarly, absent more supportive explanation, it is unclear why the coincidence factor for the CAISO BAA should be calculated by the CAISO for the existing BAA. If more regional approaches to this calculation are considered, CMUA would like to explore how an independent assessment be performed. Generally, and understandably, grid operators can be conservative in what assumptions are made the underpin any RA requirement. If the CAISO retains the assessment responsibility, some audit or dispute mechanism may be appropriate.

   2.   Maximum Import Capability Methodology

CMUA has no position on the Maximum Import Capability Methodology (MIC) issue at this time. CMUA does observe that the current MIC allocation (as opposed to the calculation) was a carefully crafted package that honored existing and prevailing commercial agreements. Any changes to MIC are undertaken should have those same objectives.

   3.   Internal RA Transfer Capability Constraints

CMUA recognizes the need to reflect the physical limitations of the grid when examining deliverability of RA resources internal to the BAA. However, CMUA also urges the CAISO to provide more detail on how internal constraints may be allocated on such a wide geographic region and between two sets of entities (CAISO BAA located LSEs v. PacifiCorp). Allocation of California internal constraint capability to other entities, for example, could upset existing allocations. CMUA is unsure how realistic this concern may be because it seems unlikely that, for example, loads in PAC East are taking RA deliveries over Path 26. However, the issue should be discussed so that stakeholder can fully understand the implications of such a proposal.

   4.   Allocation of RA Requirements to LRAs/LSEs

CMUA has no position on this issue at this time.

   5.   Updating ISO Tariff Language to be More Generic

As stated above, CMUA urges the CAISO to take a minimalist approach to RA Tariff changes. Further, no changes to the Tariff should go into effect unless and until PacifiCorp (or other PTO of similar size and other multi-state characteristics) transfers operational control of its facilities to the CAISO.

   6.   Reliability Assessment

       a.   Planning Reserve Margin for Reliability Assessment

CMUA finds it difficult to assess this issue without more information about prevailing practices, and any potential disruption to existing forward procurement. While CMUA does not object in principle to an overall minimum PRM, the implementation details about how it will be derived and how it will be utilized must be developed expeditiously.

> b. Resource Counting Methodologies for Reliability Assessment

Similar to the observation in 6(a), an additional assessment of just how disparate existing practices are is needed, to assess the practical implications of moving to a regional counting convention. Given all of the issues that must be considered, CMUA suggests that this issue would be well placed on the back burner. Further, replacement of LRA counting practices for intermittent resources, or assessing and updating hydroelectrical conditions, must be known and know well in advance of any effectiveness of the new program.

> c. ISO Backstop Procurement Authority for Reliability Assessment

CMUA supports the concept that any backstop procurement cost is allocated to the entity that is causing the deficiency, and further than the procurement need should only be triggered if there is a collective deficiency, consistent with the current paradigm. Again, additional details are needed to fully develop this proposal.

> 7. Other

CMUA is optimistic that the Regional RA proposal constitutes a sound starting point to develop more details and possible consensus. However, the CAISO has not provided nearly enough time to allow these details to be developed prior to finalizing this proposal and seeking Board approval. And it will not be enough to approve these program changes *seriatum.* It must be presented as a complete package. Particularly frustrating is that stated rationale for the rush, namely PacifiCorp's for certainty as it contemplates state regulatory filings for approval to transfer operational control of its transmission system to the CAISO, does not reflect the reality that the RA program is ever-changing. It is quite plausible, even likely, that significant details of the market affecting the RA program will change between the culmination of this effort, and PacifiCorp Go-Live. Any purported "certainty" for the purposes of facilitating state regulatory approvals is illusory.

What is not emphasized in the Straw Proposal is also important. CMUA strongly believes that he details of the Must Offer, Local Capacity Obligation, and Flexible Capacity Obligation, must be uniform across the ISO footprint. These provisions of the RA program are not simply reliability tools but affect price formation in markets, and must be applied to all entities. If there are aspects of these elements of the RA program that stakeholders would like to reassess, CMUA is willing to engage in that dialogue. However, the end result cannot be asymmetrical rules for LSEs in the existing CAISO BAA, and those outside.

Further, CMUA remains concerned that evolution to a multi-jurisdictional ISO will rekindle discussions about a centralized capacity mechanism that uses administrative proxy new entry prices to increase compensation for existing generation. CMUA adamantly opposes such

mechanisms and there should be iron-clad assurances that they will not be put forward by the CAISO.