

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative – Working Group, August 10, 2016

Submitted by	Company	Date Submitted
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CalPeak Power LLC (“CalPeak”) and Malaga Power, LLC (“Malaga”) appreciate the opportunity to provide comments on the CAISO’s Regional Resource Adequacy Initiative following the August 10, 2016 Working Group. CalPeak and Malaga are submitting comments specifically related to backstop procurement and CPM designations. The topic of backstop procurement has arisen in other processes, as well as multiple other filings and processes outside the ISO. Generally, it is clear that there is a lack of clarity around backstop procurement, and perhaps misinformation among market participants on the topic. This lack of clarity in the current construct will carry forward in the Regional RA construct if not addressed. This process provides the ideal opportunity for clarification and discussion.

Please provide feedback on the August 10 Regional RA Working Group:

1. Does your organization clearly understand the examples that were intended to provide explanation of the Regional RA reliability assessment validation of LSE RA Plans and Supply Plans? If not, please indicate what further details or additional clarity your organization believes should be provided by the ISO in the future.
 - a. Please indicate if your organization believes that there are other specific examples or scenarios that are needed to aid in explaining the Regional RA reliability assessment RA and Supply Plan validations. If so, please detail the specific scenarios that your organization would like the ISO to provide examples on.

No comments.

2. Does your organization clearly understand the examples that were intended to provide explanation of the Regional RA reliability assessment backstop procurement cost

allocation? If not, please indicate what further details or additional clarity your organization believes should be provided by the ISO in the future.

- a. Please indicate if your organization believes that there are other specific examples or scenarios that are needed to aid in explaining the Regional RA reliability assessment backstop procurement cost allocation. If so, please detail the specific scenarios that your organization would like the ISO to provide examples on.

The workshop discussion around the gathering and input of data for reliability assessment was robust, yet when it comes to the ISO's decision making in response to the data the examples provided were very high level and do not provide enough information around backstop rules, including when a CPM would be designated for Local Capacity. The backstop examples were limited to System RA, but the critical decisions from both reliability and economic perspectives are centered on local needs.

Specifically, CalPeak and Malaga submit that the ISO provide discussion on sections 43a.2.1.2 and 43a.2.2 of its tariff, which provide authority to designate CPM capacity following monthly and annual plan submissions, respectively, in order to clarify the effect on local backstop rules in a regional context.

- a. 43A.2.1.2 refers to LCAs in a TAC Area in which LSEs serve load. Does the ISO have the authority to designate a CPM if there is an LCA shortage, but not in the overall TAC Area? If so, how would it do so?
- b. 43.A.2.1.2 references supplements to RMR and RA Resources permitted by the CPUC, Local Regulatory Authority, or other federal agency. There is significant ambiguity around supplements that should be clarified in the Regional RA context. What do supplements look like in a Regional RA context? Definitions, parameters and examples around such supplements are necessary to best inform the backstop discussion.

One of the overarching concerns that the ISO and market participants face together is the risk of unplanned retirements, or more to the point undesirable economic retirement of assets that are needed to integrate renewable resources. The exercise of local backstopping authority could be necessary in the near future, and it is important to clarify in which situations such authority would be exercised and how. It is also important to recognize that the mere existence of local backstop authority has valid reliability and market functions that ensure LSEs meet procurement requirements and do not go short simply because marginal capacity is priced high. Transparent and enforced requirements support a functional and competitive bilateral market. This only becomes more important as the ISO regionalizes and the constituency broadens.

3. Please provide any further feedback your organization would like to provide on the proposed Regional RA reliability assessment process.

No comments.

4. Please provide any feedback on the other discussions that occurred on the other Regional RA topics during the working group meeting.

No comments.