

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative

| Submitted by | Company | Date Submitted |
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As noted in previous comments on the Regional Resource Adequacy (RA) proposal, CPUC staff reiterates as long as the governance proposal continues to include a Western States Committee (WSC) as it evolves, the CPUC Staff observes that the CAISO’s initial proposal to grant “primary authority” to a Western States Committee over “certain aspects of the resource adequacy and TAC cost allocation issues,” would only grant the Western States Committee primary authority over “determining the [Planning Reserve Margin] PRM.” The CPUC staff suggests that rather than allocating only one small aspect of Resource Adequacy (setting the PRM) to the Western States Committee, as an initial starting point, the Western States Committee should have “primary authority” over all issues currently included in the ISO’s tariff Section 40, Resource Adequacy Demonstration for all SCs in the CAISO balancing authority areas. The Western States Committee should also have primary authority over any policy decisions to enlarge the scope of the ISO’s capacity procurement mechanism (backstop procurement authority) beyond the existing situations specified in Tariff Section 43.2, which establishes the situations in which the CAISO may exercise backstop procurement authority

Planning Reserve Margin

CPUC staff appreciates and supports the CAISO decision to relocate the PRM issue to the governance stakeholder process. Staff reiterates the need to work out the governance structure, before establishing the details of a PRM. CPUC Staff continues to recommend that the WSC have a central role in determining the approach to be taken regarding if or how a standardized PRM is adopted. Discussing details of a CAISO study is premature. Other ISOs defer to the states in this regard. Rather than CAISO prescribing an approach, once the WSC is established, members should determine the approach to be taken and who should carry out a Loss of Load Expectation (LOLE) study if one is determined to be necessary. Although CAISO has stated verbally that language regarding the WSC was removed from the recent draft of the regional RA framework because the issue has been moved to the governance process, staff requests that the CAISO keep references to the governance process in this document (for example, any language related to the PRM should be footnoted stating: “to be determined in the governance stakeholder process”).

ELCC for Wind and Solar QC Value

CPUC staff supports the CAISO's decision to move the details of an Effective Load Carrying Capacity (ELCC) methodology for wind and solar Qualifying Capacity (QC) value to a separate stakeholder process. We agree that specific details need to be more completely specified, and this stakeholder process may not be sufficient for that dialog. As noted in earlier comments, CPUC staff has spent considerable time in developing an ELCC methodology as directed by SB 2 (1X). Therefore, CPUC staff requests that the CAISO build off work that has already been done. This will help facilitate consistency that may potentially ease the transition to a regional RA construct.

In this stakeholder process, CAISO has not specified any intention that it will collaborate with Local Regulatory Authority's (LRA) that have made significant progress towards establishing ELCC QC values for wind and solar resources in their jurisdictions on this issue. CPUC staff requests that the next draft (of the CAISO's regional RA framework) specify that the CAISO will seek to utilize any existing ELCC work (done by LRAs) in developing a regional RA ELCC methodology in addition to seeking Western States Committee guidance.

RA Validation Process

We appreciate the CAISO stating in response to comments and verbally during the December 8, 2016 stakeholder meeting, that it would give deference/flexibility to the LRA in providing key inputs (e.g.- Cost Allocation Mechanism (CAM) resource credits/debits, demand side resource adjustments, local RA true-ups) into the calculation of its jurisdictional LSE RA requirements. However, staff requests that the CAISO spell this out in the next draft of its regional RA framework. It is important that this clarification be included in the regional framework so that there is no confusion about CPUC approved resources counting towards meeting RA requirements in a regional footprint.

The LRA role is important in helping to set the annual and monthly RA requirement, because of the CAM mechanism used for many new resources. Coordination with the LRA will ensure that the correct resource values are used when the CAISO is performing a RA validation to ensure that LSE deficiency and Capacity Procurement Mechanism (CPM) designations are valid.

Coordination between the ISO and the LRA is essential to running an effective and efficient reliability program and there have been challenges to the coordination in the last few years. Under a regionalized footprint effective coordination with LRAs will be crucial. A good start to ensuring effective coordination would be to include language regarding coordination with the LRAs in the regionalization straw proposal.

Load Forecast Process

We appreciate the CAISO clarifying that it would not be making any adjustments to LSEs forecast without further understanding the reasoning behind an identified load forecast discrepancy. We support the CAISO giving more deference to the LRA and local forecasting agency with regards to load forecasting as well as allowing various load forecasting adjustments (coincidence, plausibility, etc.).

While we appreciate this deference, staff requests that in developing a load forecast guidance document¹ to be used to inform acceptable forecasting for RA, that the WSC have a central role. The WSC should be involved in the development of such a document that would set acceptable standards for load forecasting.

In its proposal, the CAISO details its load forecast submittal review process. The CAISO states “it will only require an LSE or forecasting agency to make adjustments to the load forecast submittal after a subsequent discussion between the ISO and all relevant entities, including the LRA or forecasting agency overseeing the LSE load forecasts in question, and only if the ISO issue with the forecast remains unaddressed.” CPUC staff requests that the CAISO modify this language to include that the WSC have an oversight role, for any disputes that may arise out of the load forecast review process. Staff specifically would like the above language to include that CAISO will only be allowed to make an individual load forecast adjustment, if the WSC agrees with the CAISOs proposed adjustment (i.e.; the magnitude of adjustment and reasoning behind adjustment).

Staff also notes that the timeline presented on page 20 of the paper, will not accommodate the current annual load forecast process. We request that the CAISO work with stakeholders to ensure that current processes are addressed when developing a final load forecast process timeline.

Non-Dispatchable Resource Calculations

CPUC staff request that the CAISO clarify (in the next regional RA straw proposal draft) who will perform the non-dispatchable resource QC calculation. Pursuant to CPUC decision and CAISO tariff, CPUC and other LRAs carry out these calculations which are subsequently adopted by CAISO. However, the current proposal seems to indicate that CAISO would perform these calculations under a regional structure. Given that the current structure allows for multiple LRAs, CPUC staff would like the CAISO to justify this change, if a change is being proposed. As the current system of collaboration has worked well, CPUC staff does not see a reason for it to change in cases where the LRA wishes to continue to determine QC resource values.

Ancillary Service (AS) Resources Counting as RA Capacity

In its draft proposal (pg. 27), the CAISO discusses AS testing for RA capacity value. Both participating load and Regulation Energy Management (REM) Non-Generator Resources (NGR) resources are noted as providing valuable services (non-spinning reserves and regulation) to operate the grid. The ISO proposes that both these resources use a 15 minute energy test to determine the capacity value of these resources.

During the December 8th workshop, CAISO staff noted that the CAISO currently allows this under Section 40.8.1.9 of its tariff. CPUC staff examined this section of the tariff, but found that it only relates to participating loads (not REM NGRs). CPUC staff requests that the CAISO clarify that its proposal would change the existing rules related to AS resources counting towards meeting RA requirements.

¹ Referenced on Page 17 of the Regional RA Draft Framework Proposal