

CA Public Utilities Commission (CPUC) Staff Comments on the Flexible Resource Adequacy Initiative - Phase 2 Straw Proposal

Submitted by	Company	Date Submitted
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CPUC Staff appreciates the opportunity to offer these comments on the Phase 2 Straw Proposal of the Flexible Resource Adequacy Initiative. After the working group meetings in mid-2015, the CPUC Staff recommended that CAISO take a simplified approach to making improvements to the existing Flexible RA must-offer framework at this time, rather than attempting to design an RA product to solve issues typically outside of the scope and purpose of Resource Adequacy (e.g., downward ramping). The Straw Proposal indicates that CAISO plans to take a more simplified approach, which we greatly appreciate. As indicated in the recent RA proceeding scoping memo, the CPUC plans to take up issues related to Flexible RA in early 2016.

Flexible Capacity Product Definition and Calculation of Requirements

CPUC Staff agrees that, at this time, and with the information presently available, it is most appropriate for CAISO to maintain the current definition of the flexible capacity product to upward flexible capacity only. The CPUC is committed to reconsidering the current definition of flexible RA and the 3 FRAC-MOO categories in the RA proceeding for compliance year 2018 and will begin record development in 2016. During the working group process, we commented that we did not support addressing over-generation concerns through Flexible RA program requirements because we think that downward flexibility needs could be more effectively addressed through CAISO market design.

CPUC Staff generally supports the proposal to provide each LRA with its actual contribution to the three hour net load ramp, even if it is negative. This would be helpful information for the CPUC to have at hand.

Flexibility from Imports and Pumped Storage

CPUC staff is supportive of CAISO's proposal to allow 15-minute inerties to provide flexible capacity. We are also supportive of the proposed requirement that the imported resources be "resource specific" as it will provide greater certainty regarding the characteristics of imported RA capacity.

CPUC Staff is also supportive of allowing pumped-storage hydro resources with transition times to be eligible to receive an Effective Flexible Capacity (EFC) value.

Market Design for Flexibility

CPUC Staff is generally supportive of CAISO's proposal to pursue the following market design enhancements through new market design initiatives to address over-supply concerns:

- Reassessing current self-schedule priorities (i.e., RA versus Non-RA): The CAISO will also address this as part of the Stepped Constraints stakeholder initiative.
- Extending the Short-Term Unit Commitment (STUC) horizon: The CAISO will address this item as part of the Real-Time Market Enhancements stakeholder initiative (currently slated to start in June 2016).

However, CPUC Staff reserves comment on whether or not lowering the bid floor is appropriate. We understand that CAISO will address this as part of the Stepped Constraints stakeholder initiative.

Other Issues Requiring Further Information and Explanation

- More information is needed on this aspect of the proposal: "the ISO has identified a need to further explore the assumption that a resource can provide ramping capabilities to the system without congestion concerns." The discussion that follows is related to storage, but it is unclear whether this concern applies to *all* flexible RA resources, and whether CAISO is suggesting that flexible RA requirements should have a locational aspect in the future. Is this concern based on analysis of actual congestion-related constraints on providing necessary flexibility to support ramping, or real events that raised this concern?
- CPUC Staff would appreciate receiving information on forecasted operational needs, including downward flexible capacity needs and agrees that it is appropriate for both agencies to be proactive with regards to preparing for and mitigating the potential for over-generation events. We also appreciate CAISO sharing its preliminary assessment of flexible ramping needs between five minute dispatch and 15-minute dispatch. We think that this information on ramping needs could be helpful for a variety of grid integration, procurement, or planning exercises at the CPUC if it were introduced, analyzed and discussed through a procurement or planning proceeding. At this time however, it is unclear how this information might be appropriately used to "guide procurement" of CPUC jurisdictional LRAs, as the CAISO suggests in the straw proposal.
- We do not fully understand the proposal to consider whether exports could provide flexible RA capacity. This seems related to the prior proposal of "downward ramping" RA resources, which has been removed from the scope of this proceeding. We think this would also be more relevant to market design considerations and initiatives to encourage exporting energy via the EIM during the specific hours of the year when there is likely over-supply and potential for over-generation events.