

# Stakeholder Comments Template

## Subject: Regional Resource Adequacy Initiative

Submitted by	Company	Date Submitted
<i>Matt Barmack</i> <i>925-557-2267</i> <i>barmackm@calpine.com</i>	<i>Calpine Corp.</i>	<i>June 15, 2016</i>

This template has been created for submission of stakeholder comments to the Second Revised Straw Proposal for the Regional Resource Adequacy initiative that was posted on May 26, 2016. Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on **June 15, 2016**.

Calpine welcomes the opportunity to comment on the Second Revised Straw Proposal (“the proposal”).

Please provide feedback on the Regional RA Straw Proposal topics:

1. Resource Adequacy Unit Outage Substitution Rules for Internal and External Resources

Calpine is concerned about the potential for this aspect of the proposal to degrade reliability. The proposal would allow the substitution of internal resources with external resources as long as the substitute resource “has similar operating characteristics.” Calpine believes that, in practice, an external resource does not provide the CAISO the same operating characteristics as a physically identical internal resource because it is not 5-minute dispatchable under current CAISO rules and may not even be 15-minute dispatchable depending on the nature of the transmission used to import the resource into the CAISO. Consequently, Calpine believes that that the CAISO generally should not allow substitution of internal with external resources. Calpine has no objection to the substitution of internal resources with pseudo-tied resources, which are effectively equivalent to internal resources in CAISO markets. Calpine thinks that the other aspects of the CAISO’s unit substitution proposal are reasonable, i.e., to require a MIC allocation for the external substitute resource and to ensure that the substitute resource satisfies the same must-offer obligation as the resource for which it is substituting.

Calpine notes that in light of the CAISO’s proposal to drop zonal RA requirements from its proposal, concerns about the limited availability of substitute resources should be mitigated, i.e., it is Calpine’s understanding that according to the current CAISO proposal, an LSE could

procure an internal resource anywhere in the expanded CAISO footprint to substitute a system RA resource. As discussed below, in the event that the CAISO determines that zonal requirements are warranted, the CAISO may have to limit substitution to resources in the same zone.

## 2. Discussion of Import Resources that Qualify for RA Purposes

Calpine does not support modifications to the CAISO's current rules related to how imports count towards RA requirements. Under current rules, import RA requires a MIC allocation. In addition, imports are subject to a must-offer obligation, which can be fulfilled through the submission of offers or schedules at the tie for which a supplier of import RA has a MIC allocation. Failure to satisfy the must-offer obligation exposes suppliers of import RA to availability penalties. How a supplier effectively hedges these must-offer obligations with "firm" or other market purchases is up to the supplier and should not necessarily implicate the CAISO.

## 3. Load Forecasting

Calpine has no comments on this aspect of the proposal.

## 4. Maximum Import Capability

Calpine has no comments on this aspect of the proposal.

## 5. Monitoring Locational Resource Adequacy Needs and Procurement Levels

Calpine supports the CAISO's proposal to monitor locational RA procurement to determine whether it is necessary to implement binding zonal or similar locational RA procurement requirements. To the extent that there are in fact important zonal reliability requirements, Calpine strongly prefers their reflection in transparent zonal RA procurement requirements rather than addressing them on an ad hoc basis through backstop procurement. Transparent zonal requirements would better allow zonal reliability requirements to impact RA capacity prices and hence appropriate compensate all resources that satisfy zonal requirements.

## 6. Allocation of RA Requirements to LRAs/LSEs

Calpine has no comments on this aspect of the proposal.

## 7. Reliability Assessment

### a. Planning Reserve Margin for Reliability Assessment

Calpine supports the CAISO's proposal to develop an LOLE study to determine an appropriate planning reserve margin.

## b. Resource Counting Methodologies for Reliability Assessment

Calpine believes that continued reliance on the exceedance approach to determine the RA capacity counting of solar threatens reliability by overstating solar resources' contribution to reliability. Nevertheless, Calpine recognizes that the CPUC's failure to implement ELCC creates a potential mismatch between CPUC RA counting rules and the counting rules that the CAISO would use in the Reliability Assessment if the CAISO chooses to use ELCC in the Reliability Assessment. This mismatch could lead to thorny jurisdictional and regulatory compliance issues, e.g., if a CPUC-jurisdictional LSE satisfies RA requirements based on CPUC RA counting rules, could it be allocated backstop procurement costs by the CAISO if the CAISO determines that the LSE is deficient due to counting solar less generously in the Reliability Assessment. Given that the Commission has expressed its intention to implement ELCC soon,<sup>1</sup> it probably makes sense for the CAISO to wait for the CPUC's implementation of ELCC before implementing its own ELCC counting rules, especially given the fact that the CAISO's regional RA rules are not likely to be implemented before 2020.

In the event that the CPUC fails to implement timely ELCC, the CAISO may have to implement its own ELCC methodology in the Reliability Assessment to ensure that solar is characterized accurately and reliability is maintained. Relatedly, the CAISO should use an accurate counting methodology such as ELCC in the Reliability Assessment to avoid LRAs that count solar generously from leaning on LRAs who count solar less generously.

Calpine notes that, based on comments on a previous version of the proposal, at least one Pacificorp state already uses ELCC.<sup>2</sup> Calpine encourages the CAISO to consider potential conflicts between the counting rules used in the Reliability Assessment and not only California counting rules, but the counting rules of other states as well.

## 8. Other

---

<sup>1</sup> For example, a recent proposed decision in the RA proceeding notes "Significant outstanding questions remain about the ELCC modeling efforts. It is likely that continued, collaborative efforts of Energy Division and parties will overcome these challenges in time for adoption of ELCC for 2018." See Finding of Fact 7 at p. 59 of <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M162/K005/162005657.PDF>.

<sup>2</sup> For example, see <https://www.aiso.com/Documents/UTCCComments-RegionalResourceAdequacy-RevisedStrawProposal.pdf> at 4 and