

**COMMENTS OF IDAHO POWER COMPANY
ON CAISO’S 2018 FLEXIBLE RESOURCE ADEQUACY CRITERIA AND
MUST OFFER OBLIGATIONS – PHASE 2 INITIATIVE**

Submitted By	Company	Date Submitted
Camille Christen cchristen@idahopower.com	Idaho Power Company	May 21, 2018

Idaho Power Company (“Idaho Power”) appreciates the opportunity to comment on the California Independent System Operator’s (“CAISO”) Flexible Resource Adequacy Criteria and Must Offer Obligations – Phase 2 (“FRACMOO2”) initiative. Idaho Power hereby submits the following comments on CAISO’s Second Revised Flexible Capacity Framework (“Framework”). Idaho Power is submitting these comments late because it only became aware of possible impacts to the Energy Imbalance Market (“EIM”) from this initiative on May 17, 2018, the day that comments were due.

Idaho Power’s understanding is that, at a very high level, the goal of the FRACMOO2 initiative is to ensure that CAISO has access to sufficient capacity to maintain grid reliability under peak load conditions, and to ensure that adequate flexible capacity is available to CAISO to address both forecasted operational needs and the predictability, or not, of ramping needs, in the day-ahead and real-time markets. Idaho Power fully supports the goal that CAISO have sufficient flexible resource adequacy capacity to meet the needs of its Balancing Authority Area (“BAA”).

The Framework proposes eligibility criteria for EIM resources and external (non-EIM) resources to bid flexible resource adequacy capacity into the day-ahead and real-time markets. The proposal appears to require that EIM resources with must-offer obligations secure transmission capacity prior to the day-ahead market, which would be

shown in the e-tag from the resource to the CAISO scheduling point, and would be specified in the day-ahead or real-time market bid for the system resource. See Framework,

<http://www.caiso.com/Documents/SecondRevisedFlexibleCapacityFrameworkProposal-FlexibleResourceAdequacyCriteriaMustOfferObligationPhase2.pdf>, at 28. Regardless, it appears that the EIM will be used to dispatch resources to support CAISO flexible resource adequacy needs—not solely for EIM transfers. Likewise, it appears there may be a potential use of EIM transmission for the CAISO BAA’s flexible resource adequacy needs, particularly for real-time awards that were not part of a must-offer obligation. Idaho Power is concerned about, and strongly opposes, the potential use of the EIM for non-EIM, CAISO-specific purposes.

EIM Entities have made transmission capacity available at no charge for EIM transfers, facilitating the operation of and benefitting the EIM as a whole. EIM Entities have not agreed to make transmission available at no charge for other non-EIM purposes, such as meeting the CAISO BAA’s resource adequacy needs. It would be inappropriate for other entities, including CAISO, to use EIM transmission, or to assume that it is available, for non-EIM purposes.¹

If an EIM resource chooses to bid flexible resource adequacy capacity into the market, based on its understanding to date, Idaho Power believes that bid should be treated entirely separately from the EIM. It should not be dispatched through the EIM dispatch and should not rely on EIM transmission or EIM ETSRs for delivery. If the result

¹ CAISO has proposed to remove EIM resources providing resource adequacy capacity from the EIM Entity’s sufficiency tests. See Framework, <http://www.caiso.com/Documents/SecondRevisedFlexibleCapacityFrameworkProposal-FlexibleResourceAdequacyCriteriaMustOfferObligationPhase2.pdf>, at 26-27. Idaho Power understands that the purpose of the removal is to avoid double-counting, since the flexible resource adequacy capacity would be credited to CAISO. If CAISO’s proposal is to rely on EIM transmission for EIM resources providing resource adequacy capacity, Idaho Power questions whether that transmission would still be considered available for EIM transfers, and if so, whether that could also result in double-counting.

is that an EIM resource bidding resource adequacy capacity would be treated similarly to “purely external” resources, that may be a more appropriate outcome. The requirements for participation of such external resources, including transmission and tagging requirements, should be made clear. Idaho Power is interested in further discussion of these issues.

In addition, given the possible impacts to the EIM, Idaho Power recommends that the FRACMOO2 initiative—or, at a minimum, the resource eligibility criteria component of FRACMOO2, where these issues have been discussed—be deemed a hybrid non-EIM specific initiative under the *Guidance for Handling Policy Initiatives within the Decisional Authority or Advisory Role of the EIM Governing Body*. If CAISO’s proposal is to rely on EIM operations or transmission for the CAISO BAA’s flexible resource adequacy purposes, the EIM Governing Body should have a decision-making role, at least regarding the EIM-specific aspects of the proposal. With respect to CAISO’s request for feedback on next steps for this initiative, Idaho Power strongly encourages CAISO to use the time in June to ensure that the EIM Governing Body is informed and well-aware of the potential impacts to the EIM.

Idaho Power would be grateful for further discussion of these issues, particularly if it has misunderstood the proposal. Idaho Power very much appreciates the opportunity to submit these comments and is looking forward to continued collaboration with CAISO on these and other issues.