

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the FRACMOO Phase 2 stakeholder initiative Second Revised Draft Framework Proposal posted on April 27, 2018.

Submit comments to InitiativeComments@CAISO.com

Comments are due May 17, 2018 by 5:00pm

The Second Revised Draft Framework Proposal posted on April 27, 2018 and the presentation discussed during the May 3, 2018 stakeholder meeting may be found on the [FRACMOO](#) webpage.

Please provide your comments on the Second Revised Draft Framework Proposal topics listed below and any additional comments you wish to provide using this template.

Identification of ramping and uncertainty needs

The ISO has identified two drivers of flexible capacity needs: General ramping needs and uncertainty. The ISO also demonstrated how these drivers were related to operational needs.

Comments:

The Joint DR Parties agree with the categorization of the drivers of flexible capacity needs. It is appropriate to separate those needs that are predictable and can be known or reasonably forecast and those that result from closer to real time uncertainty.

Definition of products

The ISO has outlined the need for three different flexible RA products: Day-ahead load shaping, a 15-minute product, and a 5-minute product.

Comments:

The Joint DR Parties think the three products provide the right classifications of needed flexibility for the CAISO to address many of its system reliability challenges and particularly appreciate the acknowledgement that significant portions of the ramps and variability on the grid are predictable and can be addressed through a day ahead load shaping flexible product.

The Joint DR Parties however do not see significant differences in the “nested” 15 and 5 minute products from the current “category 1-3” definitions that exist today in terms of simplicity. It is unclear under what mechanics the CAISO expects these requirements to be allocated and procured, as this part of the proposal was much lighter on detail. Will each LSE be assigned minimum 5 and 15 minute products volumes to procure as it appears? If so, this is simply the inverse of the maximum percentage of each capacity category existing today. This may provide the CAISO a better match to its resource needs, but it can not be described as a simplification of the prior construct.

The Joint DR Parties offer that at least the 5 minute product should be defined as an additional ancillary service product that would be provided by committed capacity rather than simply another category of flexible capacity product with its own procurement requirement. Procuring 5 minute response would provide the additional value streams that could incent DR and other resources that have the potential to provide very short response times to undertake the upgrades necessary to provide the needed faster response. Absent this sort of signal, flexible resources may simply take the path of less resistance and qualify only as a slower response time flexible resource. These “load following” products are best defined as additional “services” that resources that have already committed themselves to day ahead bidding and availability as capacity resources could offer.

Quantification of the flexible capacity needs

The ISO has provided data regarding observed levels of imbalances, in addition to previous discussion of net load ramps.

Comments:

No comments at this time.

Eligibility criteria, counting rules, and must offer obligations

The ISO has identified a preliminary list of resource characteristics and attributes that could be considered for resource eligibility to provide each product. Additionally, the ISO has proposed new EFC counting rules for VERs and storage resources that are willing to provide flexible RA capacity.

Comments:

The Joint DR Parties appreciate many of the characteristics and attributes that have been streamlined under this revised definition of flexible capacity. We have a concern over the move to a 24 hour must offer obligation and how that would impact a customer focused DR resource. We appreciate the acknowledgment that as a resource like solar might be able to bid its EFC during daylight hours and 0 during nighttime hours, but believe the corollary 'day/night' for DR has not yet been defined. We propose that the day/night corollary is tied to the program hours of each program. In the alternative the CAISO could develop the hours of greatest need for anticipated flexibility to request that DR resources attempt formation to support these periods of greatest need and provide a must offer obligation for DR (and potentially storage) that matches these. The alternative, a 24 hour MOO coupled with RAIM penalties could keep DR resources – which can provide significant flexibility – with the ability to shift load, consume additional generation in times of mid day overgeneration, curtail on short notice and be available from morning to late evening, corresponding to much of the uncertainty and need for load shifting on the CAISO grid – from offering this service – at the same time blunting customer awareness of how they contribute to and mitigate the need for grid flexibility.

The Joint DR parties do not believe the current iteration of the FRACMOO 2 proposal thoroughly addresses the operational implications of how a DR resource that may be participating as a day ahead load shaping product behaves in the real time market if it has received a dispatch notification in the day ahead market. This should be addressed via the stakeholder process and included in the final proposal.

CAISO has suggested that all resources go through a deliverability study to qualify as a flexible capacity resource. The Joint DR Parties would like to see additional information about how that would be studied for DR resources. Given that DR resources act locally across a sublap by curtailing load, rather than exporting energy that would need to be delivered to the grid, the Joint DR Parties suggest that DR resources be deemed deliverable.

Equitable allocation of flexible capacity needs

The ISO has proposed a methodology for equitable allocation of flexible capacity requirements. The ISO seeks comments on this proposed methodology as well as any alternative methodologies.

Comments:

No comments at this time.

Next Steps

The ISO is currently planning to issue a draft final framework on June 6, 2018. However, given the schedule change in the CPUC's RA proceeding, the ISO will not release a draft final framework until July 10, 2018. The ISO seeks stakeholder input regarding next steps that should be taken to further enhance the ISO's framework. Options include, but are not limited to, another full iteration or working groups.

Comments:

The Joint DR Parties would like to see additional stakeholder process, probably working groups, to address deficiencies identified in this round of comments.

Other

Please provide and comments not addressed above, including any comments on process or scope of the FRACMOO2 initiative, here.

Comments:

A joint workshop covering Commitment Cost Enhancements, Day Ahead Market Enhancements and FRACMOO 2 and how they would harmonize (or not) together to support flexible capacity and flexibility services would be appropriate as many parties identified during the May 3 workshop.