

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the Straw Proposal for the Regional Resource Adequacy initiative that was posted on February 23, 2016. Upon completion of this template please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **March 16, 2016**.

Northern California Power Agency (NCPA) appreciates the opportunity to provide the following limited comments for your consideration:

1. Load Forecasting.

NCPA has no comment at this time.

2. Maximum Import Capability Methodology.

NCPA has no comment at this time.

3. Internal RA Transfer Capability Constraints.

NCPA has no comment at this time.

4. Allocation of RA Requirements to LRAs/LSEs.

NCPA has no comment at this time.

5. Updating ISO Tariff Language to be More Generic.

NCPA has no comment at this time.

6. Reliability Assessment.

- a. Planning Reserve Margin for Reliability Assessment.

NCPA has no comment at this time.

- b. Resource Counting Methodology for Reliability Assessment and Backstop Procurement.

NCPA supports the CAISO's statement that "it is not proposing to eliminate the ability of LRAs and LSEs to develop their own counting methodologies." During the ten years since the initial version of the current Resource Adequacy regime was accepted by the FERC, each LRA has had the ability to establish its own Resource Adequacy program that is tailored to meet the specific planning needs of its respective LSEs. The Resource Adequacy programs enforced by multiple jurisdictional authorities have worked very well in coordination with other planning activities conducted by the various LSEs within California. As a result, the CAISO has had sufficient access to the amount and types of capacity it needs to operate the system efficiently.

CAISO Tariff Section 40.8 includes default counting methodologies for determining the amount of qualified capacity that could be supplied from various types of resources. The default methodology contained in CAISO Tariff Section 40.8 only applies when a LRA has not defined its own counting methodology within its adopted Resource Adequacy program. Importantly, CAISO uses the counting criteria identified by each LRA in its overall and individual assessments of whether sufficient resources have been secured to support the adequacy of the system. It is this aspect of the program that CAISO appears to be planning to change through the proposal to use the CAISO Tariff default criteria for the Reliability Assessment and Backstop Procurement.

NCPA strongly opposes any infringement upon the jurisdiction of LRAs. NCPA strongly believes that the current deference allowing local jurisdictional authorities to establish programs for their respective LSEs is a key element to the success of the overall program. Each LSE may have unique resources, planning and procurement strategies and requirements that are driven by the needs of their customers and other conditions, such as environmental goals. There is no reason for CAISO to assume that LRAs outside of the current CAISO footprint are any less responsible than those within the current footprint. Absent some indication that an LRA is abusing its discretion, none of which CAISO has offered, there is no reason to infringe upon the jurisdiction of all LRAs.

NCPA does not object to refining the default counting methodologies contained in the CAISO Tariff, as long as the current deference provided to LRA jurisdiction is not altered or reduced. Indeed, many LRAs have adopted Resource Adequacy programs that contain counting methodologies that are very similar to the default criteria, and NCPA believes that any reform of the existing default counting criteria could provide a good model for LRAs to reference as they establish and/or refine their adopted Resource Adequacy programs. If this is CAISO's objective in this initiative, the CAISO should consult with the existing LRAs in its footprint to ensure that they are not adversely affected by the change.

Despite the fact that the various Resource Adequacy programs enforced within California are not completely uniform, it is clear that the adopted programs have worked very well together.

To NCPA's knowledge, the CAISO has never indicated that the annual Resource Adequacy showings have resulted in a collective planning reserve deficiency, and CAISO has never been required to procure back stop capacity due to LSEs being deficient in their obligations.

NCPA supports the CAISO's authority to procure backstop capacity in the event that it is required, and to allocate the cost of that procurement based on principles of cost causation, while honoring the resource counting criteria adopted by individual LRAs. NCPA recommends that the CAISO retain the discretion *not* to procure backstop capacity even in the event of a shortage if the capacity is not needed for system reliability.

Conclusion

NCPA strongly opposes any proposal to limit the jurisdiction of the LRAs to establish resource counting criteria appropriate to their own LSE Resource Adequacy programs, or to undermine that jurisdiction by ignoring the LRA counting criteria in the Reliability Assessment for Backstop Procurement. There is simply no evidence that the current method causes any problems, or that new LRAs would be any less responsible.