

## Stakeholder Comments Template

### Subject: Regional Resource Adequacy Initiative – Working Group, August 10, 2016

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on Working Group for the Regional Resource Adequacy initiative that was held on August 10, 2016 and covered the reliability assessment topic. Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on **August 24, 2016**.

Please provide feedback on the August 10 Regional RA Working Group:

1. Does your organization clearly understand the examples that were intended to provide explanation of the Regional RA reliability assessment validation of LSE RA Plans and Supply Plans? If not, please indicate what further details or additional clarity your organization believes should be provided by the ISO in the future.
  - a. Please indicate if your organization believes that there are other specific examples or scenarios that are needed to aid in explaining the Regional RA reliability assessment RA and Supply Plan validations. If so, please detail the specific scenarios that your organization would like the ISO to provide examples on.

*NCPA has no comments at this time.*

2. Does your organization clearly understand the examples that were intended to provide explanation of the Regional RA reliability assessment backstop procurement cost allocation? If not, please indicate what further details or additional clarity your organization believes should be provided by the ISO in the future.
  - a. Please indicate if your organization believes that there are other specific examples or scenarios that are needed to aid in explaining the Regional RA reliability assessment backstop procurement cost allocation. If so, please detail the specific scenarios that your organization would like the ISO to provide examples on.

CAISO's August 10 workshop presentation stated that CAISO will not procure backstop capacity unless there is a cumulative deficiency that remains uncured (Slides 27 and 33). NCPA understands these examples to apply only to deficiencies in system RA. NCPA seeks greater clarity on CAISO's proposal to procure backstop capacity for local RA. NCPA also seeks greater clarity on CAISO's proposal to procure and allocate backstop capacity when CAISO's planning reserve margin and resource counting methodologies are inconsistent with the criteria established by an LSE's LRA. Throughout this stakeholder process, NCPA has consistently opposed any CAISO infringement on the jurisdictional authority of LRAs to determine the planning reserve margins and the resource counting methodologies for their jurisdictional LSEs. NCPA reiterates here that any allocation of backstop capacity procurement should be allocated only to LSEs that have not met their individual RA requirements *as established by their LRAs*. LSEs that comply with their LRAs' RA requirements should not receive an allocation of backstop procurement costs.

3. Please provide any further feedback your organization would like to provide on the proposed Regional RA reliability assessment process.

As discussed above, NCPA continues to oppose CAISO infringement on the jurisdictional authority of LRAs. The current program has worked well, and CAISO has offered no evidence of a need for change. With that continuing objection noted, NCPA has the following comment on CAISO's proposal for a uniform planning reserve margin. At the August 10 workshop, CAISO presented what appears to be a deterministic model for calculating the planning reserve margin that will be used in the Reliability Assessment. (CAISO Presentation, Slide 35). NCPA has already expressed its preference for a deterministic calculation rather than a probabilistic calculation of PRM, because the probabilistic model appears to substantially increase complexity and potential expense, with no guarantee of improved outcomes. *See* NCPA's May 4, 2016 Stakeholder Comments on the Revised Straw Proposal.

To the extent CAISO does adopt a deterministic model for calculating PRM, NCPA urges CAISO not to double count operating reserve capacity. The planning reserve margin should count the operating reserve capacity that CAISO will procure in its day-ahead and real-time markets, but CAISO must also recognize that a large portion of that operating reserve capacity will be procured to address forced outages. The planning reserve margin should only include a margin of error for forced outages that is *incremental* to the operating reserve margin. Procuring 12% margin for forced outages in addition to 6% margin for operating reserves (as suggested in the example on CAISO's slide) would result in over-procurement of capacity since some (if not most) of that 6% exists to cover for forced outages.

4. Please provide any feedback on the other discussions that occurred on the other Regional RA topics during the working group meeting.

NCPA has no additional comments at this time.