

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 Revised Draft Framework Proposal posted on January 31, 2018.

Submit comments to InitiativeComments@CAISO.com

[Comments are due February 21, 2018 by 5:00pm](#)

The Revised Draft Framework Proposal posted on January 31, 2018 and the presentation discussed during the February 7, 2018 stakeholder web conference may be found on the [FRACMOO](#) webpage.

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

The ISO is in the process of updating the data provided in the Revised Draft Framework Proposal. The ISO will include additional observations for 2016 and 2017. Additionally, the ISO will estimate the impacts of 15-minute IFM scheduling. The ISO will release this updated analysis as soon as possible.

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 related to operational needs.

Comments:

[No comment at this time.](#)

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:

No comment at this time.

Quantification of the flexible capacity needs

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

Comments:

NCPA supports CAISO's determination to maintain the existing definition of net load as gross load less wind and solar output.

Eligibility criteria 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 is considering new counting rules for VERs that are willing to bid into the ISO markets.

Comments:

NCPA objects to one aspect of CAISO's proposed must-offer obligation for the day-ahead load shaping product. CAISO proposes, in Section 5.4.2.2 of the Revised Framework, "that any resources [providing the day-ahead load shaping product] that were not committed in the day-ahead market but can be committed in the real-time market must make its shown flexible RA capacity available in the real-time market." That proposal is unreasonable because it imposes the same real-time must-offer obligation on a resource providing the day-ahead load shaping product as it does on resources providing the more valuable real-time products. CAISO precludes resources with a start-time greater than 60 minutes from providing the real-time products, but places the same real-time must offer obligations on the supposedly less valuable resources providing the day-ahead product. If CAISO requires resources with longer start-times to be on-line and able to respond to dispatch instructions anyway, they should not be precluded from providing the more valuable services where start-time is clearly not an issue.

A resource that does not qualify to provide the real-time flexible product because its start-time is greater than 60 minutes is limited to selling its capacity for the day-ahead load shaping product, and likely receives a lower price for that capacity than it would have if it could have sold either of the real-time flexible products. In the Day-Ahead Market, a resource that economically bids its capacity may not receive an award, and hence is not required for shaping. Under CAISO's proposal, that resource would still have to economically bid all of its flexible

capacity in the real-time market. In other words, the resource would have the same must-offer obligation as a resource providing the real-time flexible product, but would only get paid for providing the day-ahead load shaping product.

CAISO's proposal could bar a resource from selling the real-time flexible product, but then impose exactly the same must-offer obligation as if it has sold the real-time flexible product. That is fundamentally unfair. Resources that are required to provide the same level of service should have the opportunity to earn the same level of compensation.

To address this concern, CAISO should revise its proposal to state that, if a resource providing the day-ahead load shaping product submits an economic bid but is not committed in the Day-Ahead Market, then the must-offer obligation is deemed to be satisfied. Such resources should not have a must-offer obligation in the Real-Time Market if they are not committed in the Day-Ahead Market.

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:

NCPA is contractually obligated to balance its integrated portfolio of supply and demand through the use of Load Following Capacity, to ensure that its net portfolio deviations (whether such deviations are attributed to supply or demand) are kept within a tight deviation band. If NCPA is unable to balance its supply and demand portfolio, NCPA is assessed significant Load Following Deviation Penalties in accordance with the CAISO Tariff. In order for NCPA to follow its load, it must plan for and reserve capacity on its generation resources, or from other sources, that can be dispatched by NCPA to manage its portfolio balance. NCPA reserves both Load Following Up and Load Following Down Capacity to effectively regulate its portfolio to respond to its net load requirements. For example, if NCPA's load were to positively or negatively deviate, NCPA is contractually obligated to maintain capacity to generate more or less energy to balance its portfolio. This is true whether the deviation is predictable under system conditions or if the deviation is unexpected. Either way, NCPA is obligated to manage such deviations in accordance with its NCPA Metered Subsystem Aggregator Agreement ("MSSAA").

NCPA is uniquely situated as a Load Following Metered Subsystem, and is contractually obligated to acquire sufficient capacity and energy to serve its demand up to and through real-time, and NCPA's failure to do so results in significant Load Following Deviation Penalties. NCPA therefore strongly believes that CAISO should continue the tariff provisions whereby a Load

Following Metered Subsystem market participant does not receive an allocation of flexible capacity requirements for the load and generation scheduled as part of the Load Following Metered Subsystem. This is strongly correlated with and supported by the principle of cost causation, in that CAISO's flexible capacity need is reduced by, or does not need to account for, NCPA's Load Following Metered Subsystem net load because NCPA is contractually required to self-manage its Load Following Metered Subsystem net load requirement. NCPA believes this treatment should continue to be reflected in the CAISO Tariff, even as other changes to flexible capacity requirements are being considered as part of this initiative.

Other

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

Comments:

No comment at this time.