

**Comments of NextEra Energy Resources on
CAISO Revised Draft Flexible Capacity Framework Proposal**

Submitted by	Company	Date Submitted
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NextEra Energy Resources, LLC ("NextEra") appreciates the opportunity to submit comments on the CAISO's Phase 2 Revised Draft Flexible Capacity Framework; and the CAISO's consideration of its comments on the initial draft framework. NextEra supports the CAISO's proposal to unbundle flexible resource adequacy (RA) from generic RA as this is an important step to increase the value of the flex RA program and to align the eligibility criteria with the desired resource performance characteristics. This effort should result in stronger incentives and fewer hurdles to making flexible resource, such as energy storage, available to the ISO market. NextEra also generally supports the CAISO's proposal to develop a separate study for flexible capacity resources but believes that the parameters of the study require stakeholder input and vetting. As a starting point, Nextera supports a study design that is aligned with testing the flexible resource to assure the resource can meet the performance criteria and be delivered to the market. Finally, it is critical to ensure flexible resources like storage are eligible to receive the full range of their effective flexible capacity value for both charge and discharge.

NextEra supports the CAISO's proposal to unbundle a resource's Effective Flexible Capacity ("EFC") from its net qualifying capacity ("NQC")

NextEra supports the unbundling of Flexible RA from Generic RA. Generic RA and flexible RA are different products with different purposes and thus should not be required to be bundled as under the current RA framework. It may be that it makes sense economically to bundle the products, and resources should have that flexibility, but a required bundling of flexible and generic RA products simply serves to hinder the timely deployment of flexible resources and drives higher costs due the potential for network upgrade requirements. Unbundling requires fully decoupling a resource's EFC from its NQC. In its revised proposal, the CAISO outlines the nature of product unbundling:

- An NQC with no EFC;
- An EFC with no NQC;
- Both an NQC and EFC equal to one another; and
- Different NQC and EFC.

While NextEra agrees that many of these scenarios should be allowed under unbundling, we want to further ensure that a resource's EFC will not be related to its NQC in any way, and certainly not limited by it. While the CAISO has made some exceptions for certain types of storage resources' EFCs to exceed their NQCs, this allowance should be extended to all storage resources and should be included in this list.

NextEra supports the CAISO's proposal to establish a separate flexible deliverability study for flex RA resources

NextEra does not believe a full capacity deliverability study is the right study approach for flex RA products, and supports the CAISO's proposal to develop a separate deliverability study for flex RA products. NextEra supports a stakeholder discussion on the study parameters to assure that the study is well aligned to test performance standards and serves to expeditiously bring flexible resources to the market. While the current full capacity deliverability study examines a resource's capability to deliver at peak on the entire system, NextEra believes the new study should be designed instead to assess the performance and flexible attributes of the resource (i.e. fast start-up times and efficient cycling) and its ability to serve operational needs of the system. For example, Flex RA resources provide critical services as load ramps up and down before and after peak demand. The product in essence should reward response time and speed. While this flexibility can be required any time, it is generally not at peak demand, unlike the purpose of generic RA resources which are measured based on peak availability. Moreover, flex RA resources can offer a cost-effective alternative to costly system upgrades that often result from full capacity deliverability studies since they will not be delivering on the system at peak, but instead will help to manage operations during ramping.

Therefore, it is entirely appropriate that flex RA resources be subject to a separate flexible deliverability and performance study that examines a resource's flexible attributes and the system during ramping rather than at peak conditions. NextEra is hopeful that this new study process can also lead to an interconnection process that facilitates flexible resources coming online more quickly.

Moreover, NextEra wants to highlight the need to align market operations and planning in the development of the flexible RA product and study. For example, in studying the ability of flexible resource to deliver to the market, it makes sense to consider the degree to which congestion management allows the ISO to optimize the resource. It seems logical that the study design should consider how market operations may already optimize delivery so that planning criteria are not overly conservative.

Lastly, it is important to ensure that a resource is able to receive the full value of its EFC under a new study format so that it can provide the full range of ramping up and ramping down services it is capable of providing. NextEra looks forward to providing more input on what this study should look like when the CAISO begins a stakeholder process on this issue.

Conclusion

NextEra appreciates the opportunity to comment on the CAISO's revised proposal. As the CAISO moves forward with a stakeholder process to develop a new flexible deliverability study, it will be important to incorporate the perspective of its market and operations division to ensure the end-result is something that the market can efficiently and effectively operate around.

Sincerely,

Sarah Qureshi, Esq.
NextEra Energy Resources