

## 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 Draft Regional Framework Proposal for the Regional Resource Adequacy initiative that was posted on December 1, 2016. Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com). Submissions are requested by close of business on **January 11, 2017**.

#### **Public Generating Pool Comments**

The Public Generating Pool (PGP) represents ten consumer-owned utilities in Oregon and Washington, three of which own and operate Balancing Authority Areas (BAA)s. Eight PGP member utilities purchase 34 percent of the requirements power sold by the Bonneville Power Administration (BPA). As such, PGP members have a direct interest in the impact the California ISO's regional expansion initiatives, such as Regional Resource Adequacy (RA), may have on BPA's agency costs and the agency's ability to meet its preference customers' loads where such loads are located in an expanded ISO footprint. PGP appreciates the opportunity to comment on the California ISO's Draft Regional Framework Proposal for the Regional RA initiative, posted on December 1, 2016.

#### **Regional RA Decision Delay**

PGP supports the CAISO's decision to put its efforts on hold for the Regional RA and Transmission Access Charge Options initiatives, given the uncertainty in process and timeframe for finalizing the initiative on Regional ISO Governance. The finalization and implementation of the Regional ISO Governance structure is an important first step for regional expansion. Finalization of the governance should occur prior to the CAISO moving ahead with other regional expansion initiatives.

#### **Ability to meet Statutes**

PGP requests that the Regional RA framework consider BPA's ability to meet its statutory obligations at a cost comparable to today. This may require the ISO to develop standards that recognize BPA's statutory obligations as a federal power marketing agency when expanding the

ISO Balancing Authority Area (BAA) into areas where BPA serves preference customers' loads. Whenever requested, BPA is required under the Northwest Power Act, to sell wholesale power to meet the firm power requirements of certain utility and federal agency customers across the Pacific Northwest. Several public utilities located in the PacifiCorp East and West Balancing Authority Areas are full requirements customers of BPA. The cost for BPA to serve loads in adjacent BAA's directly impacts BPA's power costs, affecting all BPA requirements customers, including PGP member utilities.

### **Flexible RA Limitations and MIC**

As mentioned above, there are several load serving entities within the PacifiCorp BAAs that rely on BPA to meet all of their load requirement needs, including the need for system flexibility. A significant gap in the ISO's current RA framework is the limitation of external resources to provide flexible RA capacity. It is critical that the ISO move forward with its proposal in the ISO's Flexible RA Criteria and Must Offer Obligation Phase 2 initiative to allow import resources to provide flexible RA capacity *prior* to expansion of a regional ISO. It is also important that the CAISO's Maximum Import Capability (MIC) rules do not limit BPA's ability to serve those loads consistent with the long-term agreements in place that are serving them today.

### **LRA Autonomy**

In the ISO's Regional RA Framework Proposal, Local Regulatory Authorities (LRAs) are no longer able to set their own Planning Reserve Margin, set rules for counting the capacity from their resources, or decide whether or how to count firm load delivery contracts for RA. PGP believes it is important for LRAs to maintain these flexibilities, in particular as they are imperative for BPA in its responsibility to provide load service within its statutory and contractual obligations.

### **Import RA Resources and Uniform Accounting Rules**

The purpose of RA is to ensure the forward procurement of sufficient physical resources to meet peak load, plus a planning reserve margin. It is important that the RA framework remain a forward capacity requirement. We have concerns that reliance on short-term energy purchases without forward capacity procurement could undermine grid reliability and integrity in an expanded ISO footprint.

Additionally, it is important that the uniform accounting rules adequately account for the capacity of hydro resources and that the CAISO recognize BPA's unique obligation to meet the full requirements of certain LSEs. We urge the CAISO to work with BPA to determine an accounting method that finds balance and meets the needs of both BPA's unique circumstances and obligations with the CAISO's reliable operation of an expanded ISO grid.

PGP finds the issue of allowing market purchases to be used to satisfy RA to be a significant change from previous proposals. PGP is uncertain of the impact, but believes that this change is significant enough that it should be thoroughly evaluated by the ISO and stakeholders prior to any formal approval.