



Resource Adequacy Enhancements: Import resource adequacy provisions discussion

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RA Enhancements: initiative scope

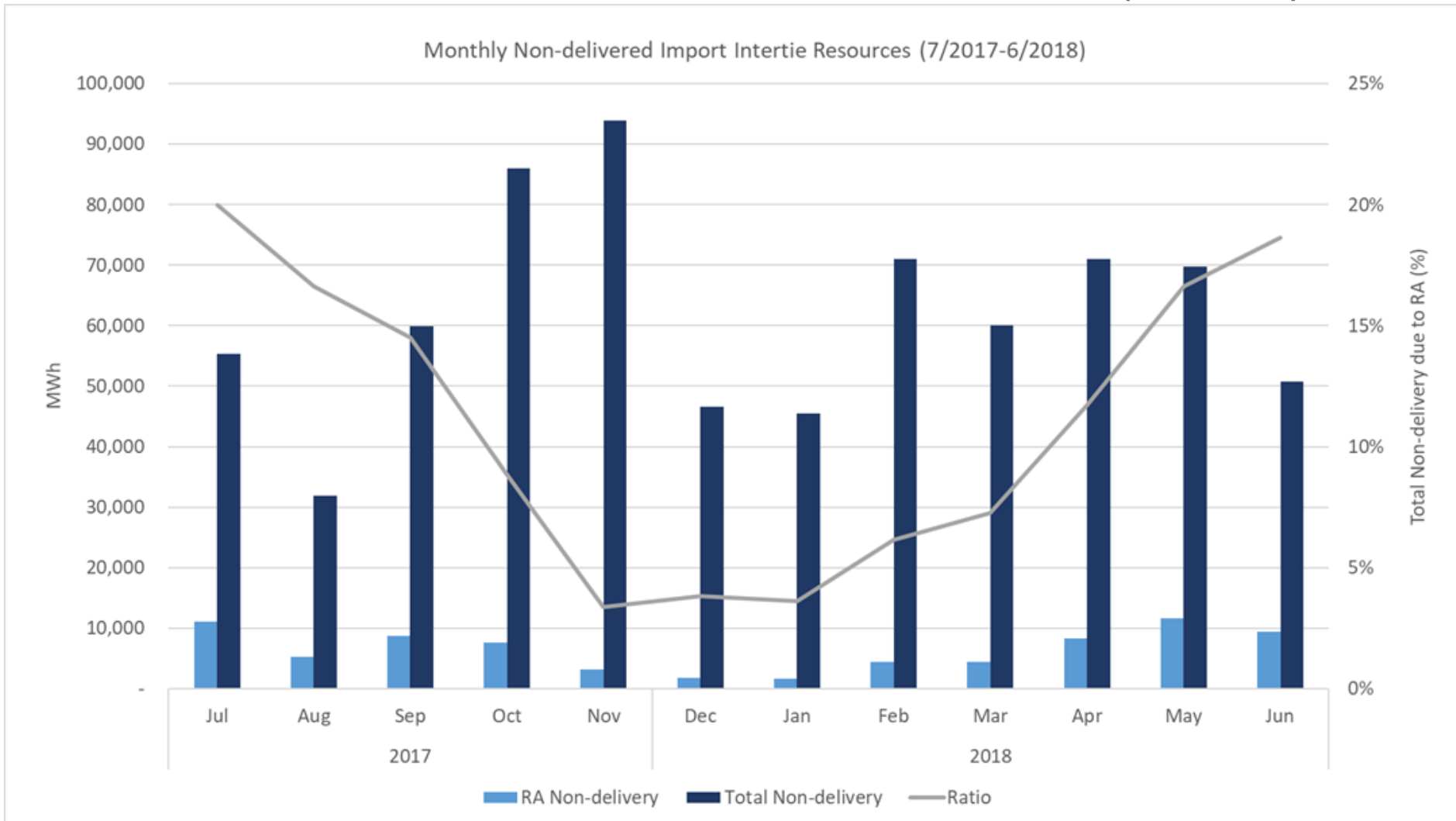
Holistic RA review, includes following items in scope:

- RA counting and eligibility rules
- System flexible capacity assessments and adequacy tests
- Review of must offer obligations and outage and substitution rules
- Import RA provisions
- Maximum import capability provisions
- Local capacity assessments with availability limited resources
- Meeting local capacity needs with slow demand response
- CPM/Backstop enhancements

Potential concerns related to current provisions

- ISO must ensure import RA resources are available to provide required services for reliability
- If import RA is potentially double counted or speculative supply, it represents a reliability concern –
 1. Import RA provisions should ensure that all import resources have the physical capacity to be able to deliver when called upon
 2. No certainty these resources can be recalled during emergencies or system-wide shortages when critically needed
- Initial analysis suggests that non-delivery of import RA is a valid concern even during non-emergency/shortage timeframes

Data shows undelivered import RA accounts for up to 20% of undelivered intertie resources (HASP)



Current provisions may allow for speculative supply to meet RA requirements or imports to be double counted

- What is “speculative supply” in the context of import RA?
 - Non-Resource Specific RA import resource providing energy bids that are not supported by physical supply and/or a firm transmission reservation
 - May result in the failure to deliver awarded energy if the scheduling coordinator is unable to locate supply in real-time
- Speculative supply and double counting of import RA resources also raises a concern of displacement of internal RA resources that would otherwise be procured

ISO relies on RA must offer obligations to ensure adequate bids in ISO's energy markets

- When any RA resources, including imports, are awarded ISO is relying on delivery of that energy
 - ISO depends on intertie supply just as much as internal generation if intertie schedules clear the market
- Once intertie schedules clear HASP, the transmission is reserved for that schedule and cannot be used by another intertie resource

Current provisions do not allow ISO visibility into type of bilateral agreement supporting an RA import

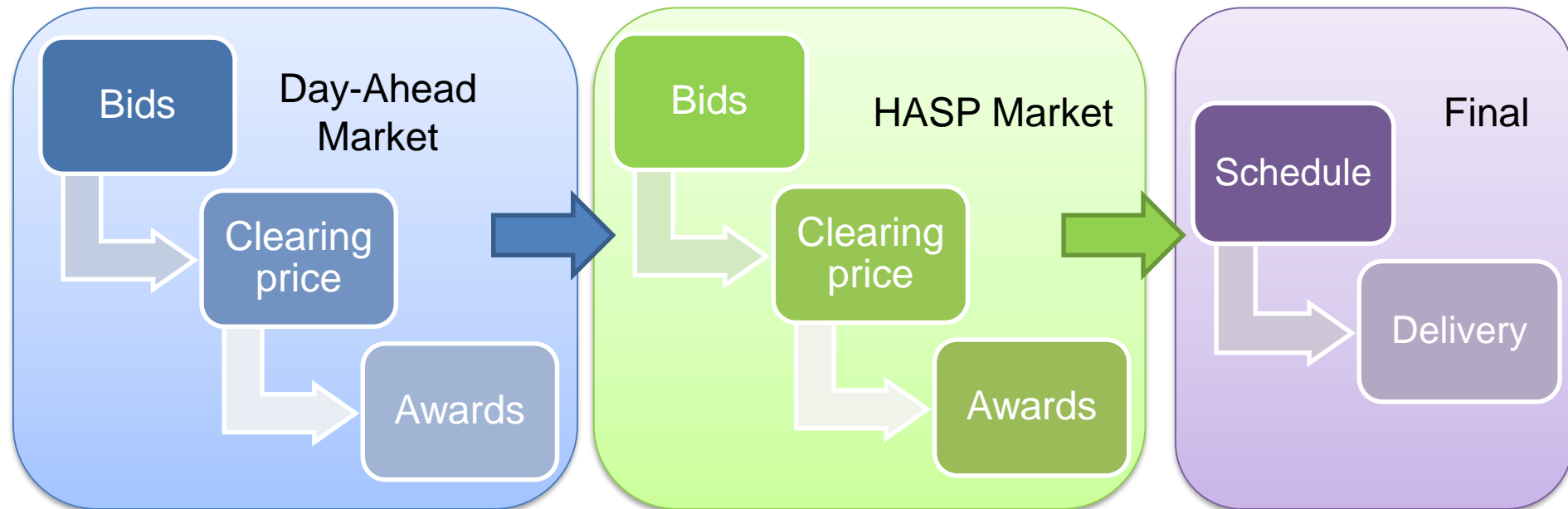
- NRS-RA import resource category does not require sellers to indicate what type of contractual obligation supports their showing/transaction
- WSPP Agreement – Three basic products are set forth in WSPP service schedules, firm, non-firm, energy only:
 - WSPP Schedule C (“Firm Capacity/Energy Sale or Exchange Service”)
 - WSPP Schedule B (“Unit Commitment Service”)
 - WSPP Schedule A (“Economy Energy Service”)
- No ISO requirements to specify, just assumed firm – concerned that may not always be the case

Questions about reliability of non-specific external resources versus resource specific import RA resources

- Some stakeholders have stated they believe that import RA sourced from a non-resource specific RA resource is actually more reliable than a resource specific import
 - Statement based on assumption that there is an ability to rely on a pool of resources rather than one that may go on outage
- ISO is concerned with this concept because these NRS-RA imports may not be backed by firm obligations and physical resources/reserves
 - No certainty these resources can be relied on when critically needed

Exploring additional data analysis to inform potential modifications

- Existing analysis suggests there is a problem of RA resources not delivering awarded energy on the interties
- Considering objectives of additional analysis on DA and RT bids, awards, and delivery behavior



Potential changes for MSC consideration

- Does specification of import RA resource sources help address firmness and double counting concerns?
 - Would it also be necessary to require an attestation that the import RA capacity is not and will not be sold to a third party?
- Would it help to add a requirement to specify the firmness of agreement backing transaction to qualify as import RA?

Potential changes for MSC consideration (continued)

- Would real-time bidding requirement for all MWs of import RA shown (not just MWs awarded in IFM) address speculative supply concerns and improve intertie non-delivery from RA resources?
- Is expansion of import RA MOO to 24x7 to provide comparability with internal RA useful to address issues?
- Should ISO consider requiring monthly firm transmission reservation to qualify for import RA?