

## 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**.

Please provide feedback on the Regional RA Draft Regional Framework Proposal below.

The ISO is especially interested in receiving feedback that indicates if your organization supports particular aspects of the proposal. Alternatively, if your organization does not support particular aspects of the proposal, please indicate why your organization does not support those aspects.

CAISO is studying how its expansion could include Seattle City Light's Balancing Area Authority functions. To that end, City Light seeks to be able to continue current practices, which provide both reliability and financial benefits to City Light's customers, in the event of CAISO's expansion. City Light looks forward to productive and constructive working relationship with the CAISO that works to preserve and enhance value to customers.

City Light supports CAISO's goal to ensure adequate capacity is available and offered to the expanded ISO to ensure reliability. City Light further supports developing a probabilistic method for evaluating loss of load potential and establishing the planning reserve margin (PRM) target.

City Light supports existing commercial and operational practices continuing with no loss of value to non-ISO participants as a result of expanding the ISO. Embedded LSEs depending on existing transmission are serving load reliably. The expanded ISO should not eliminate or devalue the ability of third parties to continue to reliably serve load with remote resources. City Light welcomes CAISO's proposal allowing some short-term imports to qualify as RA resources. City Light encourages the CAISO to continue to

study the increased use of imports as RA resources, particularly for new participants that are serving load reliably with resource the CAISO considers imports.

City Light supports the proposal to allow external resources to substitute for internal systems resources. City Light presently relies on resources the CAISO would likely label both internal and external, and meets load reliably and economically. City Light encourages CAISO to consider more such substitutions in the future.

City Light encourages CAISO and the Western States Committee (WSC) to include consideration of incremental costs and benefits to each market participant as a criteria when developing the PRM. States and LRAs do this presently although in different ways. Including cost effectiveness as part of the derivation of the PRM will provide for stakeholders to offer options and provide for the greatest transparency and ultimately support for the target.

Developing the PRM will take time. City Light requests CAISO explain how it will proceed in the interim, and provide a timeline for when it anticipates the PRM will be set.

City Light supports consonance between the sub-regions for the Transmission Access Charge (TAC) and areas studied for regional resource adequacy (RRA). Physical power flows and factors that affect flows should be a critical factor in determining and aligning these topics. Because load ratio share does not always reflect the allocation of costs and benefits, City Light does not support it as a sufficient basis for allocating economic costs and benefits.

City Light does not support the reduction in the role accorded to LRAs in the Regional Framework Proposal. LRA's were given a much broader/larger/more robust role in the 2<sup>nd</sup> straw proposal. The Regional Framework removes decision making from LRAs in several instances: setting local resource adequacy and reserve levels, and choosing the capacity counting method. It is important that LRA's retain more control because they are presently performing these functions and will have continuing responsibility for ensuring proper use of customer dollars.

In addition, City Light does not support the reduction in flexibility to LRAs and LSEs in the Regional Framework. The inability to substitute external resources for internal resources will limit a participants' ability to make the most cost-effective decisions. CAISO has not demonstrated that substitution is infeasible, so it is unnecessarily adding costs to participants. CAISO also proposes a MIC that is more restrictive, which is potentially costly to parties that are currently importing resources and managing a reliable system.