

## Flexible Resource Adequacy Capacity Must Offer Obligation Phase 2 Straw Proposal

Submitted by	Company	Date Submitted
Nuo Tang <a href="mailto:ntang@semprautilities.com">ntang@semprautilities.com</a>	San Diego Gas & Electric	January 8, 2016

SDG&E appreciates the opportunity to comment on ISO's FRAC MOO 2 Straw Proposal. SDG&E looks forward toward other market design enhancements focusing on ISO's energy markets to improve operational processes.

### Import and Export Flexible Resources

ISO proposes three criteria for intertie resources to qualify as flexible resources.

1. Must be resource specific
2. LSE must have sufficient MIC allocation for the resource
3. Firm energy schedule

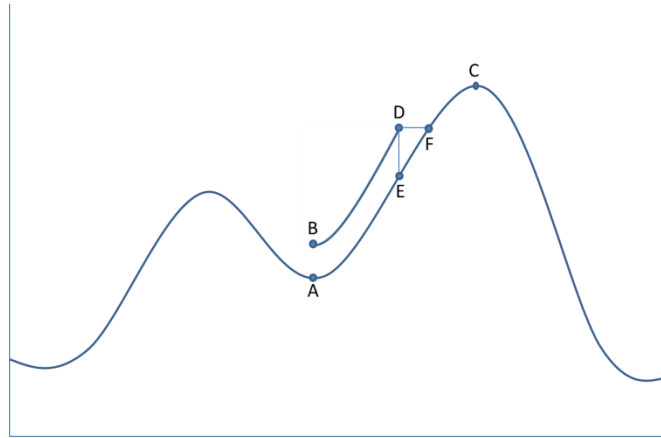
SDG&E does not believe a specific resource must be identified to have an import to count as flexible. The current rules that exist between BAAs should be sufficient to prevent a resource from scheduling an import into the ISO after being dispatched for flexibility and also use its flexibility to meet a different obligation at the same time. Also demanding the resource must be specified will reduce liquidity. For example a large hydro BAA may know it has a certain amount of flexibility but if it had to guarantee the exact source it may offer only a safe lower amount.

SDG&E believes RAAIM assessment may vary depending on the location of import and export through the ISO. If the import were exported back to the same BAA, then the availability should be affected. However if the export BAA is different from the import BAA, then the RA AIM may not necessarily be affected.

SDG&E does not believe exports should pay TAC fees the same as imports. Settling on LMPs should avoid any major cost shifting and the increased market efficiency should benefit load through lower overall costs.

### Pumped-hydro storage resources

SDG&E agrees with ISO's graph that once the charging portion stops, the net load curve shifts back to the original net load curve. However, SDG&E is uncertain if the 3 hour ramp from points A to C is the same as (C-B) plus (B-A). Using a slightly modified version of ISO's Figure 4 below, SDG&E questions whether the ramp is (D-B) plus (C-E) plus (D-E)? Or is it (C-B) plus (F-E)? ISO suggests that because the charging stops, the ramp must recover the charging segment with an instantaneous ramp. If this is the case, then the ramp would actually be greater than the original ramp by the difference of the charging amount. SDG&E recommends more discussion on this topic.



SDG&E believes resources with discrete dispatch should receive an EFC value to be consistent with the EFC methodology of other storage resources. The effects of discrete dispatch on the requirement should raise the flexible requirement rather than limiting the EFC value of a resource. This is similar to how ISO calculates Local RA requirements. For Local RA requirements, the largest Local generator increases the requirement but the LSE is able to procure the resource to meet the requirement.

#### Assessing the ability to charge storage resources

SDG&E requests more information on the off-peak study. Specifically, what is the reason to focus on an off-peak time frame if the ISO assumes the charging portion will occur during the middle of the day where the net load is lowest? ISO should not create rules or limitations to the charging portion of the EFC until it has vetted study methodology and results to stakeholders.

SDG&E recommends that system resources also be included in the study to determine if those resources create congestion concerns.

#### Merchant Variable Energy Resources

SDG&E believes ISO has not accounted for all merchant VERs facilities that are connected to the ISO. Therefore, SDG&E is uncertain if the unaccounted merchant VERs facilities would cause the ramping contribution to be greater than de minimis. SDG&E believes this error is the result of ISO requesting data only from LSEs rather than from Suppliers directly. LSEs are unable to provide ISO data prior to contractual starts. SDG&E believes ISO should reconsider how it might gather such data better in the future.

#### Transacting of negative credits

SDG&E would like the ISO to provide more information regarding the transacting of credits. Would LSEs need to register these transactions in ISO's system on or before T-45? Would this be similar to how the registration of MIC transactions? If not, does ISO envision updating the RA plan template to accommodate for these transactions?

#### RA showing requirements for small LSEs

SDG&E would like understand the magnitude of small LSE requirements. What is the range of MWs in total throughout the year that are exempt from the showing requirement?

Would the ISO exemption apply to both the year ahead showing in addition to the month ahead showing? As an example, CPUC requires its LSEs to provide up to 90% of the LSE's month ahead system and flexible RA requirements for year ahead. If the LSE's month ahead requirement were 1MW, then the year ahead requirement would be 0.9MW. If the ISO were to CPM capacity, would the costs be appropriately charged to those small LSEs which didn't have to show any RA capacity?

ISO's systems do not allow an LSE or supplier to show 0MWs of capacity from any particular resource. If an LSE had less than 1MW of RA requirement for Local, System and Flexible, the LSE would not be able to submit an RA showing of 0MWs. SDG&E would appreciate greater clarity around its proposal.