

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the FRACMOO Phase 2 stakeholder initiative Second Revised Draft Framework Proposal posted on April 27, 2018.

Submit comments to InitiativeComments@CAISO.com

Comments are due May 17, 2018 by 5:00pm

The Second Revised Draft Framework Proposal posted on April 27, 2018 and the presentation discussed during the May 3, 2018 stakeholder meeting may be found on the [FRACMOO](#) webpage.

Please provide your comments on the Second Revised Draft Framework Proposal topics listed below and any additional comments you wish to provide using this template.

Identification of ramping and uncertainty needs

The ISO has identified two drivers of flexible capacity needs: General ramping needs and uncertainty. The ISO also demonstrated how these drivers were related to operational needs.

Six Cities’ Comments: The Six Cities continue to support the concept of evaluating separately the effects of foreseeable ramping needs and uncertainty and shaping flexible RA requirements to address the two drivers.

Definition of products

The ISO has outlined the need for three different flexible RA products: Day-ahead load shaping, a 15-minute product, and a 5-minute product.

Six Cities' Comments: Subject to adoption of reasonable eligibility criteria and must offer obligations, the Six Cities generally support identification of the three flexible RA products as described in the Second Revised Draft Framework Proposal.

Quantification of the flexible capacity needs

The ISO has provided data regarding observed levels of imbalances, in addition to previous discussion of net load ramps.

Six Cities' Comments: The Six Cities have no comments regarding the data provided by the ISO in the Second Revised Draft Framework Proposal. The Six Cities:

- Support continued use of the maximum forecasted 3-hour net load ramp as reflected in the formula at page 18 of the Second Revised Draft Framework Proposal.
- Support quantification of Real-time flexible capacity requirements based on the maximum absolute value of forecasted monthly imbalances (*i.e.*, the greater of maximum up or maximum down uncertainty).
- Support the concept of “nesting” requirements such that higher quality products count toward satisfaction of requirements for all lower quality products.

Eligibility criteria, counting rules, and must offer obligations

The ISO has identified a preliminary list of resource characteristics and attributes that could be considered for resource eligibility to provide each product. Additionally, the ISO has proposed new EFC counting rules for VERs and storage resources that are willing to provide flexible RA capacity.

Six Cities' Comments: With respect to specific elements of the ISO's proposals regarding eligibility criteria and must offer obligations, the Six Cities:

- Oppose as unduly restrictive the must offer requirements the ISO proposes to apply to Day-ahead load shaping resources. Consistent with the predictable nature of Day-ahead load shaping needs, capacity designated for Day-ahead load shaping should be permitted to submit shaped self-schedules to satisfy the must offer obligation (and be expected to follow such shaped self-schedules in the Real-time market). In addition, because Day-ahead load shaping requirements

by definition are predictable, it is unreasonable to impose a 24 X 7 must offer obligation in the Day-ahead Market for Day-ahead load shaping resources and to expand the Availability Assessment Hours (“AAH”) for purposes of implementing the Resource Adequacy Availability Incentive Mechanism (“RAAIM”) for such resources to 24 hours. Adopting more granular must offer requirements aligned with the profile of operational needs for Day-ahead load shaping capacity is likely to expand the pool of resources eligible to provide such capacity and to enable use-limited resources to more effectively manage use limitations. Furthermore, expanding the AAH for purposes of applying RAAIM to Day-ahead load shaping resources unnecessarily and unreasonably increases burdens and risks for such resources.

- Oppose a requirement to show procurement of 100% of flexible capacity requirements in the annual RA showing; the ISO has not demonstrated that a year-ahead showing for 100% of flexible capacity obligations is necessary, and such a requirement may unduly constrain procurement options.
- Oppose modification of the currently-effective replacement obligations for use-limited resources when a use-limit is reached. The ISO has not demonstrated that imposing more stringent replacement obligations on use-limited resources is necessary, and doing so will discourage use-limited resources from offering flexible capacity. In addition, under the Commitment Cost Enhancements Phase 3 proposal for calculation of opportunity cost adders, owners of use-limited resources will not have unrestricted ability to manage the consumption of use limitations. It is unreasonable to allow the ISO to override a resource owner’s preferred management of use limitations and then require replacement capacity when the resource exhausts use limitations due to actions by the ISO.
- Support eligibility for external resources, including Day-ahead imports for Day-ahead load shaping, EIM resources for 15-minute and 5-minute flexibility requirements, and other external resources for 15-minute flexibility.
- Support application of separate deliverability analyses for flexible capacity resources aligned with time periods when flexibility requirements are greatest.

Equitable allocation of flexible capacity needs

The ISO has proposed a methodology for equitable allocation of flexible capacity requirements. The ISO seeks comments on this proposed methodology as well as any alternative methodologies.

Six Cities' Comments: The Six Cities generally support the methodology for allocating flexible capacity needs described in the Second Revised Draft Framework Proposal.

Next Steps

The ISO is currently planning to issue a draft final framework on June 6, 2018. However, given the schedule change in the CPUC's RA proceeding, the ISO will not release a draft final framework until July 10, 2018. The ISO seeks stakeholder input regarding next steps that should be taken to further enhance the ISO's framework. Options include, but are not limited to, another full iteration or working groups.

Six Cities' Comments: The Six Cities recommend that the ISO utilize the time made available by the extension of the CPUC schedule to explore further the bases and potential alternatives for the features of the ISO's proposal with which the Cities have raised concerns above as well as concerns raised by other stakeholders, perhaps using a workshop format. Using this time to attempt to narrow differences may allow the subsequent CPUC and FERC processes to go forward more expeditiously.

Other

Please provide and comments not addressed above, including any comments on process or scope of the FRACMOO2 initiative, here.

Comments: The Six Cities have no additional comments at this time.