

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 Straw Proposal for the Regional Resource Adequacy initiative that was posted on February 23, 2016. Upon completion of this template please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **March 16, 2016**.

Please provide feedback on the Regional RA Straw Proposal topics:

1. Load Forecasting

See comments regarding “State/LRA Prerogatives” under “7. Other” below.

2. Maximum Import Capability Methodology

3. Internal RA Transfer Capability Constraints

4. Allocation of RA Requirements to LRAs/LSEs

5. Updating ISO Tariff Language to be More Generic

See comments regarding “Schedule” under “7. Other” below.

6. Reliability Assessment
 - a. Planning Reserve Margin for Reliability Assessment
 - b. Resource Counting Methodologies for Reliability Assessment
 - c. ISO Backstop Procurement Authority for Reliability Assessment

See comments regarding “State/LRA Prerogatives” under “7. Other” below.

7. Other

State/LRA Prerogatives: The Regional RA straw proposal, as detailed to date, would enable the CAISO to impose its own vision of key RA policies and processes on states and Local Regulatory Authorities (LRAs), subject only to FERC approval. Among these key policies are the Planning Reserve Margin (PRM),¹ the counting of capacity² and load forecasting.³ It also appears the CAISO would assume all enforcement activities now undertaken by the California Public Utilities Commission regarding its jurisdictional Load-Serving Entities (LSEs).⁴

The CAISO’s proposal takes pains to state that it will “continue to defer” to the Resource Adequacy (RA) programs established by the states and LRAs.⁵ However, the enhanced authority sought by the CAISO could be exercised to supplant State/LRA programs and frustrate state policy preferences. This potential is underlined by comments such as “[t]he CAISO intends to continue to allow LRAs and LSEs to have discretion in developing their RA and procurement programs”,⁶ which suggests the CAISO envisions itself retaining the ultimate power to set and enforce RA policies.

Further, the CAISO has a history of forecasting an excessive need for resources. For example, in 2011, the CAISO argued that the state would need to build 4,600 MW of new gas-fired plants by 2020 to maintain reliable service.^{7,8} Today, the notion that the state needed to start building 4,600 MW

¹ February 24 Straw Proposal (Proposal), pp. 4, 8-9 and 12-14; March 2 Presentation (Slides), pp. 28-33.

² Proposal, pp. 4, 8-9 and 12-14; Slides, pp. 28, 34-36.

³ Proposal, pp. 9-10; Slides, pp. 15-19. The CEC would continue to review load forecasts for California’s load-serving entities, but its work would then be overseen by the CAISO. (See Slides, p. 18.)

⁴ Slides, p. 39

⁵ See, for example, Proposal, p. 22 (in response to CMUA comment).

⁶ Proposal, p. 13.

⁷ See August 18, 2011 Briefing on Renewable Integration to ISO Board of Governors, available at <http://www.caiso.com/Documents/110825BriefingonRenewableIntegration-Memo.pdf>. The CPUC rejected this view of “need” in Decision 12-04-046 based on a settlement among major parties – including the CAISO.

⁸ The CAISO memo cited above noted that local needs in Southern California, driven by the retirement of gas-fired units with Once-Through-Cooling, would offset some of this larger “need.” And such local needs – and the additional local needs caused by the premature retirement of the San Onofre Nuclear Generating Station – are now being met by smaller purchases of local capacity, including both gas-fired

of new gas capacity to meet its 2020 reliability needs has been proven wrong and lacks credibility. Had the CAISO RA straw proposal been in force back in 2011, the CPUC's failure to order additional procurement of new resources would have been deemed deficient and CAISO would have been authorized require such procurement by LSEs or conduct the procurement itself on behalf of the state. The resulting excess costs would have driven up rates for all end-use consumers in the CAISO balancing area.

Schedule: The CAISO is proposing to present proposed Regional RA changes to its Board in June,⁹ well before it will be known if PacifiCorp will choose to join or be allowed to join the CAISO. Yet the tariff language the CAISO is proposing could apparently apply even if PacifiCorp or other entities never join the CAISO. To preserve the current California system – which the CAISO has said “has worked well”¹⁰ – such tariff language should be made contingent upon other non-California PTOs joining and should not be applied if CAISO does not expand its footprint to cover significant portions of the west.

plants and other technologies. But other than such local resources, the Commission has not made any finding that additional resources are “needed”.

⁹ Slides, p. 8.

¹⁰ Proposal, p. 30.