

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative

Submitted by	Company	Date Submitted
<i>Béla Vastag, 801-530-6374</i>	<i>Utah Office of Consumer Services</i>	<i>March 21, 2015</i>

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
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
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
7. Other

Comments:

In the Straw Proposal on page 8, the ISO lays out a proposed framework with seven (7) elements. Element 1 states that the ISO first provides an analysis of reliability needs and allocations of those needs to state regulatory commissions. Element 2 indicates that LSEs can

then use their preferred processes (for IRPs and resource procurement) which enable them to “show” to the ISO that their allocated RA capacity has been secured (Element 3). Element 4 of the proposed framework then states that after the “showings”, the ISO will perform a reliability assessment to ensure that the minimum reliability needs of the BAA are met. If shortfalls are identified in this reliability assessment, LSEs can “cure” the shortfalls themselves or the ISO will cure shortfalls using its backstop authority (Elements 6 & 7).

In the straw proposal, the ISO also states that it will “provide an approach that will allow state regulatory commissions and LSEs to continue their existing procurement programs” and that it “agrees about the need for continued deference to LRA and LSE procurement and RA programs.” However, the ISO plans to use its own analysis of RA allocations and its own reliability assessment. The ISO’s proposed reliability assessment will use a system Planning Reserve Margin (PRM) and consistent methods for assessing the capacity value of each resource (i.e. consistent counting methodologies).

It appears to the Office of Consumer Services (Office) that under the ISO’s straw proposal, LRA/LSE procurement programs (e.g. IRPs) will have to adopt the ISO’s system PRM and counting methodologies for resources (and possibly other ISO planning metrics). If an LSE uses PRMs and counting methods that secure RA capacity below what the ISO deems necessary, then the LSE will be subject to a curing request or to the ISO’s backstop procurement authority. If an LSE uses metrics that secure RA capacity above what the ISO deems necessary, then the LSE may be allowing other ISO participants to lean on its resources.

The Office has participated in many stakeholder processes and regulatory proceedings where the planning metrics currently used by our LSE have been vetted and then approved by our state commission. These metrics produce a portfolio of resources that include projected cost, reliability and policy consequences that we support. In this straw proposal, we think that the requirement to meet the ISO’s reliability assessment will force our LSE to change its current procurement program and that the ISO’s stated “deference” to LRA and LSE procurement and RA programs will be irrelevant. Since we are just beginning to evaluate the potential structure of a future regional ISO, the Office cannot yet support an approach that would change the LRA-approved resource procurement program of our LSE.

In the straw proposal, the ISO states that a system PRM and consistent counting methodologies will be determined through future studies and open and transparent stakeholder processes. These planning metrics are critical elements in this straw proposal and would be robustly debated among stakeholders in these future processes. The Office has concerns about the timing of these processes. First, the Office questions the commencement of any of these processes without first settling the issue of governance of a regional ISO. Second, the Office questions the viability of the ISO’s current timeline for Board, FERC and state commission approvals when the outcomes for reliability assessment and governance are not yet close to being determined.