

## Western Power Trading Forum Comments on the Regional Resource Adequacy Straw Proposal

Carrie Bentley  
Resero Consulting for WPTF  
916.565.7461  
cbentley@resero.com

Ellen Wolfe  
Resero Consulting for WPTF  
916.791.4533  
ewolfe@resero.com

March 15, 2016

WPTF appreciates the opportunity to submit comments on the Regional Resource Adequacy (RA) straw proposal paper posted on February 24, 2016 and the meeting held on March 2, 2016.

WPTF recommends the ISO offer workshops to market participants on the ISO's current RA program, with particular attention to the elements the ISO is proposing to change.

WPTF strongly supports integration and is concerned by the quantity and depth of the questions asked during the March 2, 2016 meeting. Many participants understandably appear to lack a comprehensive understanding of the current ISO RA rules. The ISO has said they do not want to get "into the weeds" with this initial proposal. However, in order to draft and file tariff language this fall, the ISO must get into the details very soon. WPTF is unsure how the ISO can solicit feedback on the framework, let alone the details without providing additional information.

WPTF initially supports the following elements of the ISO's straw proposal and provides the following comments.

### *Load forecasting*

The ISO proposes for LSEs to submit their own forecast to the ISO. The ISO will then calculate the coincidence factor and determine the allocation of the coincident load to each LSE in the BAA. This allocation plus the planning reserve margin will determine the system RA requirement. The ISO proposes to have the authority to adjust the LSE submitted forecast if an LSE's actual peak loads or historical usage are not in accord with the forecast and the LSE cannot demonstrate their forecast is reasonable. This approach seems reasonable to WPTF. However, it is unclear how the ISO would adjust the RA requirement if an LSE's actual peak loads differed from the submitted forecast. The RA requirement is a planning tool and ensures capacity is procured in advance of each month. The ISO would only know if an LSE's forecast was incorrect during the month. Is the ISO suggesting some sort of LSE-specific CPM event or mid-month adjustment to the RA showing in the event actual load is above the forecast by a certain percentage?

### *System-wide Planning Reserve Margin (PRM)*

WPTF conceptually supports a system-wide PRM minimum. The "system-wide" minimum will, however, enable some leaning between LSEs. Establishing a system-wide PRM will still somewhat allow leaning between LRAs to the extent one LRA has a higher PRM than another LRA. In particular, to the extent the PRM is less than 15% (the CPUC-set PRM) small LRAs will easily be able to lean on the CPUC LRA and set a PRM less than the system-wide minimum PRM. This risk is mitigated by the potential for LSEs to be allocated backstop costs if there is a system-wide shortage of system capacity. Under the proposed rules

if there is a system-wide shortage, CPM costs would be allocated to entities that are under the system-wide PRM minimum, pro rata.

WPTF prefers the alternative where a standardized minimum PRM exists for each LRA. This seems like a more direct method to ensuring reliability and such a proposal would simplify the backstop process.

#### *Creation of consistent values for qualifying capacity*

The ISO proposes to develop default Qualifying Capacity (QC) rules for use in the circumstance that an LRA does not provide the amount of capacity that may be counted from a resource toward an LSE's RA requirement. The ability for LRAs to provide differing QCs for similar resources itself causes some complication. Currently, in the circumstance where a resource has sold some capacity to one LRA and some capacity to another LRA, and if these LRAs count the resource QC differently, the ISO must determine which QC value to use. In this situation the ISO simply uses the highest qualifying capacity value. In the future, particularly with renewable resources, allowing resources to qualify as different values may lead to additional complications and inequitable treatment between LSEs. WPTF supports consistent QC values by resource type, even if this requires a separate stakeholder initiative due to the technical, and potentially contentious, nature of developing these values.

WPTF asks the ISO the following questions as they move forward with a methodology to determine internal RA transfer constraints:

1. Will the transfer limits apply to flexible RA? If so, will the transfer constraint limits be different for flexible and system requirements? The flexible requirement is based on net-peak load and system requirement based on peak-load, and so it seems inappropriate (although simplifying) to have the same transfer constraint for each RA product.
2. Will the substitution rules for forced and planned outages be updated to enforce limits on internal RA transfer constraints?
3. Can multiple transfer limits affect the amount a resource can count as RA? For example, is it possible that a PacifiCorp resource may count as 500 MW if sold to PacifiCorp, 400 MW if sold to PG&E, and only 300 MW if sold to SDG&E?
4. How will the ISO address the following scenario: A California LSE has a long-term contract with a resource located in PacifiCorp. After integration:
  - a. Will the system transfer constraint limit the amount of RA capacity this resource can provide if it has an existing contract?
  - b. If the RA from the resource is limited by the internal transfer constraint, would the LSE be eligible for a MIC allocation if it can flow through an inter-tie? (For example- PAC -> BPA intertie ->ISO.)

WPTF appreciates the CAISO's consideration of these questions and the open issues identified herein in its next proposal paper.