California ISO

Stakeholder Comments Template

RA Enhancements

This template has been created for submission of stakeholder comments on the RA Enhancements Issue Paper that was published on October 22, 2018. The Issue Paper, Stakeholder Meeting presentation, and other information related to this initiative may be found on the initiative webpage at:
http://www.caiso.com/informed/Pages/StakeholderProcesses/ResourceAdequacyEnhancements.aspx

Upon completion of this template, please submit it to initiativecomments@caiso.com.

Submitted by	Organization	Date Submitted
Moisés Melgoza (408-615-6656)	Bay Area Municipal Transmission Group (BAMx)[1]	November 14, 2018

Submissions are requested by close of business on **November 14, 2018**.

Please provide your organization's comments on the Issue Paper scope items listed below and any additional comments using this template.

Scoping Items

The ISO's has identified the following items for the initial scope of this stakeholder process. Please provide comments on each of the scoping items.

1. **RA Counting and Eligibility Rules**

    a. **System RA**

    The ISO proposes to review the RA counting and eligibility provisions related to RA resource NQC adjustments in this initiative, including a review of the application of Effective Forced Outage Rate (EFOR) performance criteria and accompanying NQC reductions and a review and clarification of RA counting rules for RA resources. Please provide comments on this scope.

    Comments:

    No comments at this time.

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[1] BAMx consists of City of Palo Alto Utilities and City of Santa Clara, Silicon Valley Power.

b. Flexible RA

The ISO proposes to continue exploring enhanced flexible RA counting rules started in the FRACMOO2 stakeholder process. More specifically, the ISO will continue assessing the operational capabilities required from the fleet to align with both the Day-Ahead Market Enhancements (DAME) and the Extended Day Ahead Market (EDAM) and what flexible RA counting rule changes may be needed. Please provide comments on this scope.

Comments:

No comments at this time.

2. Review of Resource Adequacy Import Capability Provisions

The ISO proposes to conduct a comprehensive review of the ISO's Import Capability provisions, including; calculation methodologies, allocation process, and reassignment/trading provisions. The ISO believes that is may also be necessary to consider multi-year assessments and allocations. Please provide comments on this scope.

Comments:

No comments at this time.

3. Rules for RA imports

The ISO proposes to include a review of RA import rules and provisions in the scope of this initiative, including a reassessment of the requirements and rules for the sources behind RA imports. Please provide comments on this scope.

Comments:

No comments at this time.

4. Must Offer Obligations, Substitution Rules, and RAAIM

The ISO proposes to include a review of the following set of issues as a part of this stakeholder initiative; need for substitution rules and RAAIM, developing an emergency or event based RAAIM trigger, and must offer obligations for RA imports. Please provide comments on this scope.

Comments:

No comments at this time.

5. System and Flexible Capacity Assessments and Adequacy Tests

As part of this stakeholder initiative, the ISO is considering a new tool to assess the adequacy of the system and flexible RA fleet. Please provide comments on this scope.

Comments:

No comments at this time.

6. <u>**Meeting Local RA Needs**</u>

a. <u>**Local capacity assessments with availability limited resources**</u>

As part of this stakeholder initiative the ISO proposes to enhance the ISO's local capacity technical analysis to assess the impact of availability limited resources on local capacity needs. Please provide comments on this proposed scope.

Comments:

No comments at this time.

b. <u>**Meeting local capacity needs with slow demand response**</u>

Through this initiative, the ISO proposes to explore how to best operationalize slow DR through pre-contingency dispatch so these resources can mitigate local reliability concerns and qualify for local RA. Please provide comments on this scope.

Comments:

BAMx supports the CAISO proposal to explore how to best "operationalize" slow demand response resources to meet local reliability needs and qualify for local RA. BAMx looks forward to working with the CAISO on this exploration as part of this initiative.

7. <u>**CPM/RMR Review**</u>

Through this initiative, the ISO is planning to identify any needed changes to the capacity procurement mechanism (CPM) or reliability must run (RMR) mechanisms, particularly focusing on the existing cost allocation tools. Additionally, the ISO will specify the process for backstop procurement of essential reliability resources (ERRs) if they are not procured through the RA process. Please provide comments on this scope.

Comments:

BAMx supports the CAISO proposal to develop an annual resource-specific list of essential reliability resources (ERR) that are critical for maintaining reliability at local area and sub-area levels. However, we oppose keeping this list confidential as that would defeat the purpose of achieving the transparency load serving entities (LSEs) need for procuring ERRs. We urge the CAISO to make the ERR list public.

BAMx appreciates the CAISO's concern that currently, the local capacity backstop procurement cost allocation does not contemplate the effectiveness of the local RA resources procured, including effectiveness factors and expected energy output at peak for a local capacity area. This issue further illustrates the importance of all LSEs having access to the ERR list so that they have the opportunity to procure ERRs to meet their local obligation in its TAC area. The CAISO has indicated that, as part of this initiative, it

will examine how such costs should be allocated when there is additional procurement. During the October 30th stakeholder meeting, the CAISO stated the following.[2]

> "If a particular load serving entity procured resources that are not effective at meeting local requirements, resulting in backstop procurement, it may be appropriate to allocate costs of that procurement to the load serving entity."

BAMx disagrees with this construct absent significant changes to the local capacity obligation allocation process. Making the ERR list public could be part of the changes, but by itself would not be sufficient to incentivize appropriate local capacity procurement and fairly allocate responsibility for shortfalls. There are several issues that the CAISO needs to address while allocating backstop cost associated with the ERR procurement to LSEs. First, the CAISO would need to assign unequal weights to different resources including ERRs, rather than applying equal LCR weights to all resources to ensure equitable allocation of local capacity obligation with a TAC area. Second, the CAISO would need to implement effective market power mitigation measures to ensure LSEs are not prevented from procuring resources effective at meeting local requirements due to ERR owners exercising market power. The CAISO-proposed solution could incentivize such an ERR owner to withhold its capacity from the bilateral local capacity market, and would unjustly result in charging some LSEs more than their fair share of the TAC area local capacity requirements. It may be necessary for the CAISO to identify local net qualifying capacity (local NQC) values to address the first issue, but the implications of doing so and the interrelationship with system NQC values would need to be explored.

Scope of Policy Examination

The ISO's has identified the initial scope for this stakeholder process as the items listed above. Please provide comments on the proposed scope. If there are specific items not already identified by the ISO that you believe should be considered, please provide specific rationale for why the ISO should consider it as part of this initiative.

Comments:

No comments at this time.

Other

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

Comments:

Given Its Expansive Scope, the Initiative Schedule Should be Extended

BAMx recognizes that it would be challenging to limit the scope of this expansive initiative. Given the significant implications of the issues addressed under this initiative on the broader RA program and policy, BAMx requests the CAISO to extend the duration of this initiative by at least six months to provide stakeholders adequate time and commenting opportunities.

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[2] Page #55.