

## 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 Supplemental Issue Paper posted on November 9.

Submit comments to [InitiativeComments@CAISO.com](mailto:InitiativeComments@CAISO.com)

**Comments are due January 6, 2017 by 5:00pm**

The Supplemental Issue Paper posted on November 9 and the presentation discussed during the December 9 stakeholder web conference may be found on the [FRACMOO](#) webpage.

Please provide your comments on the Supplemental Issue Paper topics listed below and any additional comments you wish to provide using this template.

### **Identified opportunity for enhancing flexible capacity product**

1. Ramping speed
  - a. Large single hour net load ramps

#### **Comments:**

As noted by SDG&E on the December 9 call, the data provided on ramp speeds was not adjusted for the size of the units, so it is difficult to tell how well the existing flexible RA resources can meet the forecast increase in one-hour net load ramps. We encourage the CAISO to provide an assessment of ramp speed by type of resource and the MW of each type of resource in the flexible RA pool to better show how the current resources are or are not sufficient to meet these ramps.

If the available resources are or will be insufficient, CLECA notes that various stakeholders have proposed that flexible resources that are only available for one or two hours might be able to contribute to meeting ramping requirements. CLECA understands that the CAISO at this point is not reconsidering the current three-hour requirement, but this concept should be reviewed in the future if further analysis of need shows that a shorter-term product could complement three-hour flexible RA in meeting the steepest part of the ramp. Furthermore, retail rate design changes designed to provide incentives for load to shift from the peaks into the periods of over-supply or high Pmin burden may also relieve some of these ramping requirements. The CPUC is actively considering rate designs to provide such incentives in several dockets.

- b. The transition from low net loads to steep ramps

**Comments:**

See comment above about retail pricing shifting load, which could reduce this transition.

In addition, it would be useful for the CAISO to provide more information on how frequently it faces the risk of CPS1 violations and under which circumstances, since the information might provide clues as to how flexibility requirements might best be modified.

- c. Intra-hour variability

**Comments:**

No comments at this time.

2. Cycle time and flexible capacity qualifications

**Comments:**

No comments at this time.

3. High minimum operating levels from both RA and flexible RA

**Comments:**

The first step should be to determine how serious an issue this is once the OTC units retire. The CAISO has not yet provided a quantitative assessment of the amount by which the Pmin burden needs to be reduced in the future. Simply offering a figure for one day in March 2016 does not provide sufficient insight into what the resource mix and needs will be in the future across the year, particularly once OTC units retire.

As for how to reduce this burden, the options presented appear to be sending price signals through the CAISO markets or narrowing requirements for eligibility to provide flexible RA. An assessment of how to send price signals should be given serious consideration. The market value of the flexible ramping product (FRP) will help indicate whether the CAISO market provides such price signals. In addition, in the CPUC RA docket, R. 14-10-010, PG&E has suggested that day-ahead market changes might ease real-time ramping requirements. This should also be considered.

Current market prices do not appear to provide revenue to support investment to modify existing facilities to reduce high minimum operating levels, to build new ones, or to contract for such resources for flexible RA. In addition, the small price differential between flexible RA and system RA that we have heard about anecdotally suggests that the bilateral RA market likewise does not provide a revenue stream to support reducing high minimum operating levels for existing generators. The CAISO, the CPUC and stakeholders should consider how to send such price signals to support the required investment to modify existing facilities, to contract for new, fast-ramping, low Pmin facilities, or to provide incentives for LSEs to contract with existing fast-ramping facilities that do not currently have RA contracts. An analysis should also be conducted to determine what the increase in cost would be to consumers, if such resources were paid more to provide more flexibility.

4. Most significant net load ramps occur on weekends or holiday weekdays

**Comments:**

Category 3 requirements could be changed to include availability seven days a week. This would reduce the amount of such flexible RA available from some DR and storage, however. Perhaps there can be two different Category 3 requirements, one for seven days a week and one that is the same as the present requirement.

5. Significant quantities of long start resources may limit the ISO's ability to address real-time flexibility needs

**Comments:**

The CAISO should provide data on how many long start resources there will be once the OTC units are retired and what percentage they will represent of eligible flexible generation.

6. There is currently no means in place for the ISO to assess the likelihood that the flexible RA showings will adequately meet all ramping needs

**Comments:**

CLECA is concerned that after over a year of its review of FRACMOO, the CAISO cannot assess the likelihood that the flexible RA showings will adequately meet all ramping needs. At the CPUC RA workshop, CAISO's DMM indicated that it does not have confidence in its deterministic analysis and is considering performing a stochastic analysis of flexibility need. What progress is being made to develop such an analytical tool? Stakeholders outside the CAISO may also have proposals for how to do this analysis. The CAISO should provide the data needed for other stakeholders to develop such proposals.

**Other comments**

Please provide any additional comments not associated with the topics above.

**Comments:**

It appears that it will not be possible to implement any changes to the flexible RA eligibility requirements or create a durable flexible RA product definition in time for the 2018 RA compliance year. Thus, CLECA seeks confirmation of its understanding that the earliest any changes could be implemented would be for the 2019 compliance year.