



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
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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 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:

The Northern California Power Agency ("NCPA") welcomes the opportunity to comment on this initiative.

NCPA does not oppose a review of EFOR performance criteria and NQC reductions in the scope of this initiative, so long as those changes are considered alongside other

simplifying revisions to the RA substitution rules, RAAIM, and must offer obligations. The various enhancements contemplated herein address similar concerns, so singular focus on EFOR and NQC ratings would potentially result in inequitable penalties and operational difficulties.

In considering EFOR performance criteria as part of the NQC calculation, NCPA believes the ISO should consider a resource's average performance over a period of years in order to avoid inappropriately reducing a resource's NQC value as a result of isolated events. For example, a resource may undergo major maintenance that requires a prolonged outage one year, but such maintenance may further reduce the risk of outages for that resource for many years in the future. NCPA believes that review of a resource's average performance for a sufficient period of years should alleviate this issue. NCPA also believes that the EFOR measurement should be based on meaningful markers, e.g., Outage Management System information, rather than bid insertions.

In addition, NCPA strongly supports the role of LRAs in determining QC values for all resources interconnected to the ISO system, and supports leaving the QC methodology out of the scope of this initiative.

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:

NCPA makes no comment as to the ISO's proposal to explore enhanced flexible RA counting rules started in the FRACMOO2 stakeholder process, as part of the scope of this initiative. However, NCPA notes that CAISO's current flexible capacity rules do not allocate flexible capacity requirements for load and generation scheduled as part of a Load Following Metered Subsystem. CAISO's current rules are consistent with FERC precedent and supported by the principle of cost causation, in that CAISO's flexible capacity need is reduced by, or does not need to account for, Load Following Metered Subsystem net load because such entities are contractually required to self-manage their variability as represented by the Load Following Metered Subsystem net load requirement. NCPA would not support revisiting these provisions as part of this initiative.

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 it may also be necessary to consider multi-year assessments and allocations. Please provide comments on this scope.

Comments:

NCPA does not object to the ISO's proposal to conduct a comprehensive review of its Import Capability provisions. In conducting this review, NCPA encourages the ISO to keep in mind the principles underlying the Maximum Import Capability framework, including the principle that because LSEs pay for the transmission system they should receive the benefits from it, and the principle that existing contracts should be recognized and honored.

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:

NCPA does not object to ISO's proposal to review RA import rules and provisions in the scope of this initiative, but without further information, NCPA does not believe that the ISO should develop rules requiring imports to point back to a specific generator as the source behind an RA import. NCPA urges the ISO to identify specific issues and develop tailored solutions to those issues. For example, to the extent that the ISO has identified issues with RA imports bidding in ways that limit their dispatch, the ISO might consider adjustments to bidding rules.

To the extent CAISO is attempting to preemptively solve issues that might arise in the future, CAISO should do so transparently and should limit the scope of this proceeding to fixing issues that have already been identified.

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:

NCPA supports the ISO's review of the need for substitution rules and RAAIM, and the development of an emergency or event-based RAAIM trigger. NCPA notes that the existing rules are complex, and all stakeholders would benefit from rules that are simpler to understand and to implement, while maintaining a comparable level of system reliability.

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:

Without a more detailed proposal of the ISO's tool for assessing the adequacy of the system and flexible RA fleet, and a description of how this tool would work, NCPA is

unable to take a position on the ISO's proposal. However, NCPA notes that a complex methodology to ensure that RA showings provide adequate system and flexible RA capacity may not be warranted or necessary.

6. Meeting Local RA Needs

a. Local capacity assessments with availability limited resources

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:

NCPA does not support this proposal. NCPA has not seen its own use-limited resources exhaust their starts, and is not convinced that this is a significant problem. NCPA encourages the ISO to put forward evidence supporting the need for local capacity assessments to consider limitations on duration hours and event calls when evaluating a resource's contribution to local reliability needs.

b. Meeting local capacity needs with slow demand response

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:

NCPA does not object to the ISO's proposal to explore how best to operationalize slow DR through pre-contingency dispatch, but notes that there must be some form of minimum operating criteria for a resource to qualify for providing local capacity.

7. CPM/RMR Review

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:

The ISO should procure ERRs through cost-based procurement rather than market participation procurement. Once designated as ERRs, the units will have market power, and will be difficult to contract at a fair price. While RMR contracts are not a completely satisfactory solution, they are a less problematic way to procure resources that know they are needed for reliability.

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:

NCPA generally supports the scope identified for this stakeholder process, with exceptions as identified above.

Other

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

Comments:

NCPA notes that the ISO's RA program is designed to both ensure that there is certain capacity available for operational purposes, and to incent procurement of this capacity. NCPA finds the ISO's frequent changes to the RA program to be a significant impediment to buying or selling RA on a long-term basis. While NCPA supports the ISO's efforts to simplify the RA program, NCPA warns that past changes to the program have not resulted in greater simplicity. NCPA believes that the best way to incent procurement is to reduce future uncertainty by minimizing any changes to the RA program.