

Submit comment on draft summary report

Initiative: Assembly Concurrent Resolution 188

The ISO values stakeholder input on this preliminary draft, and plans to incorporate feedback received during the January 20 stakeholder call, and in written comments submitted by the deadline on February 3, into future iterations to ensure the accuracy and value of the final report. Please submit written comments to infoACR188@caiso.com.

Submitter information

Name: Sibyl Geiselman

Organization: Public Generating Pool

Email: sgeiselman@publicgeneratingpool.com

1. Provide a summary of your organization's comments on the draft summary report and January 20, 2023 stakeholder call discussion:

PGP values this effort and finds the main takeaways to be valid. PGP's perspective is that it is critical to better understand the relationship between greater levels of regional cooperation and the complexity of issues that arise. This is particularly relevant as the region contemplates regional coordination efforts that are already underway and may be effective in achieving some of the cited benefits without necessitating new and complex initiatives.

We appreciate the explanation of what differentiates an RTO from the shared dispatch models under consideration in the region today, as well as the clear takeaway that enhanced regional transmission planning and transmission expansion would provide many benefits. The literature presents substantial evidence in support of shared transmission planning and significant potential incremental benefits of transmission expansion beyond the capacity benefits, production cost savings, and emission reductions available through a potential RTO or the joint-dispatch Day-Ahead Market models that are under development. While the potential benefits are clear, much of the body of literature on enhanced transmission planning and/or transmission expansion does not indicate that an RTO is the only path towards achieving these benefits, and in fact the overarching conclusion of the report indicate significant challenges in achieving a full RTO. As such, a key finding that is embedded in the report but could be highlighted more effectively is that: 1) there is clear evidence in support of additional intra-regional transmission and shared planning functions; and 2) there are paths to achieving some of these incremental benefits that do not require a full regional RTO.

Given the region appears to be on an incremental path of market evolution and benefits capture, and the clear conclusion that some of the hurdles to fully establishing an RTO are quite substantial, highlighting the potential for further incremental benefits without an RTO is an important takeaway. Incremental balancing authority area consolidation, and

incremental transmission planning coordination are two examples of paths ahead that could potentially capture benefits while avoiding some of the very challenging aspects of RTO formation. To better represent the potential for incremental approaches in the report, PGP recommends that the section on what an RTO provides be expanded to include other means to achieve sharing of these functions on various scales such as balancing authority area consolidation and the development of joint planning entities who can start the process with shared model development, regional analysis, and the identification of the highest value transmission expansions that may be developed independently or through joint investments.

2. Provide your organization's comments on the regional cooperation efforts in the West, as described in section 2 of the draft report:

We recommend that examples of existing regional or joint transmission planning efforts and/or some of the economic transmission expansion that is occurring in the region be included in the regional coordination examples to highlight that there are ways to theoretically capture further benefits of an RTO without formation of an actual RTO. Shared transmission planning and analysis does occur in the West, it just takes a different form than the RTO model. There may be paths ahead that build on these prior joint-planning efforts to capture some portion of the potential benefits of an RTO associated with transmission expansion and planning. Perhaps joint dispatch models along with the shared resource adequacy program can give new weight and meaning to these regional planning forums that focus on this last tier of potential benefits.

PGP also has concerns that the draft report frames Markets+ and CAISO's Day Ahead Market proposals very differently – EDAM is described based on incremental changes from the EIM, while Markets+ is described based on the differences from an RTO. While the descriptions in the report appear to be accurate, it may not be clear to the reader that the two day-ahead markets are very similar in scope, market design, and objectives. This section of the report would be enhanced by adding a higher level of detail to the EDAM section, and presenting the summary of each in a way that highlights the many similarities and acknowledges that the key differences outstanding include the RA program requirement, governance, and the congestion rent allocation (which is still under discussion for Markets+).

3. Provide your organization's comments on the literature included in the review, as described in section 3 of the draft report:

PGP appreciates the efforts to normalize price comparisons and compare to actual data where feasible. The structure of the results including limitations is helpful and generally aligns with PGP's original comments. PGP recommends that the section on limitations within the "State-Led Study" more explicitly note that the DA market analyzed is inconsistent with current design proposals. Additional detail on what exactly is represented in production cost savings presented as well as further labeling of the table

of results would also improve the clarity of the synopsis on this study, given how foundational it is to the key takeaways of the overarching report.

4. Provide your organization's comments on the annotated summary of the literature, as described in section 4 of the draft report:

PGP appreciates the presentation of the annotated summary with the regional perspective in mind.

5. Provide your organization's comments on SB 100 and relevant updates, as described in section 5 of the draft report:

No comment.

6. Provide any additional comments on the draft summary report and January 20, 2023 stakeholder call discussion:

While the background on the resource mix evolution in the region is useful context for analysis, and PGP appreciates the attempt to use a standardized methodology and credible source (NERC) to provide this background, the portion in section 1 on planning reserve margins presents data that appears inconsistent with the planning reserve margins calculated by the entities that are responsible for regional RA programs locally, and may be inadequately accounting for the impacts of high renewable penetrations on RA planning. The result is that the chart showing the NERC planning reserve margin forecast (Figure 2) gives a representation of overall planning reserve margins and how various region's supply/demand balance and overall resource adequacy relate to each other that appears inconsistent with more robust local analysis. PGP recommends either 1.) A forward view of regional Resource Adequacy from the Western Power Pool's Western Resource Adequacy Program¹ and the California Energy Commission be included instead of the NERC data, given their alignment with more robust RA analysis methodologies and direct linkage to RA planning in the West, or 2.) At minimum, additional documentation of the methodology used in the NERC PRM forecast be included in the report.

The analysis of CA peak demand and prospective resources (Figure 3) could also use additional qualifiers to enable interpretation of the data, for example, clarifying if this is the expected peak and additional documentation of the energy efficiency and electrification that is considered in the forecast. Similarly clarifying if the resource value shown is this the installed capacity of resources or some other metric that relates better to adequacy would add value.

¹ For examples see https://www.westernpowerpool.org/private-media/documents/2022-10-14_WRAP_Participation_Info_Session.pdf, or https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/resource-adequacy-homepage/resource-adequacy-compliance-materials/resource-adequacy-history/8-17-2022-planning-reserve-margin/workshop-4_ed_220817.pdf



PGP offers that while the data for both of the Figures in the draft report is from a neutral source, many would question the implication that the CAISO has a higher reserve margin than the rest of the WECC, given their clear reliance on imports in times of system stress, and would suggest there are representations of resource adequacy that could provide the relevant background context in a manner more consistent with recent shared experience and current planning programs among regional entities.

PGP thanks NREL and the CAISO for this important effort as the region continues to seek to understand and take advantage of the many benefits of enhanced regional coordination in its many forms.