

Stakeholder Comments Template

Submitted by	Company	Date Submitted
Bonnie S. Blair bblair@thompsoncoburn.com 202-585-6905	Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, CA (“Six Cities”)	February 21, 2018



Please use this template to provide your comments on the FRACMOO Phase 2 stakeholder initiative Revised Draft Framework Proposal posted on January 31, 2018.

Submit comments to InitiativeComments@CAISO.com

Comments are due February 21, 2018 by 5:00pm

The Revised Draft Framework Proposal posted on January 31, 2018 and the presentation discussed during the February 7, 2018 stakeholder web conference may be found on the [FRACMOO](#) webpage.

Please provide your comments on the Revised Draft Framework Proposal topics listed below and any additional comments you wish to provide using this template.

The ISO is in the process of updating the data provided in the Revised Draft Framework Proposal. The ISO will include additional observations for 2016 and 2017. Additionally, the ISO will estimate the impacts of 15-minute IFM scheduling. The ISO will release this updated analysis as soon as possible.

Identification of ramping and uncertainty needs

The ISO has identified two drivers of flexible capacity needs: General Ramping needs and uncertainty. The ISO also demonstrated how these drivers related to operational needs.

Six Cities’ Comments: Subject to review of the updated data and estimated impacts of 15-minute scheduling in the IFM to be released by the ISO, the Six Cities continue to support the concept of evaluating separately the effects of foreseeable ramping needs and uncertainty and shaping flexible RA requirements to address the two drivers.

Definition of products

The ISO has outlined the need for three different flexible RA products: Day-ahead load shaping, a 15-minute product, and a 5-minute product.

Six Cities’ Comments: Subject to adoption of reasonable eligibility criteria and must offer obligations, the Six Cities generally support identification of the three flexible RA products as described in the Revised Draft Framework Proposal.

Quantification of the flexible capacity needs

The ISO has provided data regarding observed levels of uncertainty, in addition to previous discussions of net load ramps.

Six Cities’ Comments: For quantification of overall flexible capacity need, the Six Cities support continued use of the maximum forecasted 3-hour net load ramp as reflected in the formula at page 26 of the Revised Draft Framework Proposal.

Quantification of 15-minute flexibility requirements and 5-minute flexibility requirements should be based on the absolute value of the highest uncertainty (*i.e.*, the greater of maximum up or maximum down uncertainty) for any day during the relevant month, as discussed during the February 7, 2018 stakeholder conference.

The Six Cities support the concept of “nesting” requirements such that higher quality products count toward satisfaction of requirements for all lower quality products.

Eligibility criteria and must offer obligations

The ISO has identified a preliminary list of resource characteristics and attributes that could be considered for resource eligibility to provide each product. Additionally, the ISO is considering new counting rules for VERs that are willing to bid into the ISO markets.

Six Cities’ Comments: As a general matter, the Six Cities support a minimalist approach to establishing eligibility requirements so as to maximize the array of resources eligible to provide flexible capacity. The same objective (*i.e.*, maximizing the array of resources that can provide flexible capacity) should guide the development of must offer obligations.

With respect to specific elements of the ISO's proposals regarding eligibility criteria and must offer obligations, the Six Cities:

- Support eligibility for external resources, including Day-ahead imports for Day-ahead load shaping, EIM resources for 15-minute and 5-minute flexibility requirements, and other external resources for 15-minute flexibility;
- Support allowing capacity that receives an award for Day-ahead load shaping to self-schedule in the real-time markets;
- Support application of separate deliverability analyses for flexible capacity resources aligned with time periods when flexibility requirements are greatest;
- Oppose a requirement to submit economic bids for Day-ahead load shaping capacity; Day-ahead self-schedules that are shaped should be eligible to provide Day-ahead load shaping capacity;
- Oppose a requirement to show procurement of 100% of flexible capacity requirements in the annual RA showing; the ISO has not demonstrated that a year-ahead showing for 100% of flexible capacity obligations is necessary, and such a requirement may unduly constrain procurement options;
- Oppose a uniform 24 X 7 must offer obligation for all non-VER resources; adopting more granular must offer requirements aligned with the profile of operational needs is likely to expand the pool of resources eligible to provide flexible capacity and to enable use-limited resources to more effectively manage use limitations;
- Oppose modification of the currently-effective replacement obligations for use-limited resources when a use-limit is reached; the ISO has not demonstrated that imposing more stringent replacement obligations on use-limited resources is necessary, and doing so will discourage use-limited resources from offering flexible capacity.

Equitable allocation of flexible capacity needs

The ISO has proposed a methodology for equitable allocation of flexible capacity requirements. The ISO seeks comments on this proposed methodology, as well as any alternative methodologies.

Six Cities' Comments: The Six Cities generally support the methodology for allocating flexible capacity needs described in the Revised Draft Framework Proposal.

Other

Please provide any comments not addressed above, including comments on process or scope of the FRACMOO2 initiative, here.

Six Cities’ Comments: The Six Cities are concerned that contemporaneous development and implementation of significant market design changes through enhancements both to the Day-ahead market design and flexible RA requirements may result in unnecessary or overly restrictive procurement obligations. At this time it appears that the modifications to the RA requirements described in the Revised Draft Framework Proposal are likely to prove beneficial by expanding the pool of resources eligible to provide flexible RA capacity and simplifying must offer obligations as compared with the currently effective flexible RA rules. However, the Six Cities may revisit their positions on the proposed modifications to the flexible RA requirements and the schedule for implementation of any modifications based on review of further data, especially analyses of the impacts of changing to 15-minute scheduling in the IFM.