

Valley Electric Association, Inc., Comments on Flexible Resource Adequacy Criteria and Must-Offer Obligation Phase Two Revised Draft Flexible Capacity Framework Proposal

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Valley Electric Association, Inc., (VEA) appreciates the opportunity to provide these comments on the ISO's FRAC MOO Phase 2 Revised Draft Flexible Capacity Framework Proposal and February 7, 2018 meeting.

VEA is a small LSE that has a peak load of approximately 125 MWs. VEA continues to encourage the ISO to ensure the framework and any resulting RA program works for small LSEs as well as large LSEs. VEA appreciates the additional details provided in the ISO's latest proposal but still seeks clarity on a few elements of the proposal.

Demonstrating Flexibility: VEA continues to appreciate the ISO's willingness to consider allowing imports to provide flexible RA. While VEA understands the ISO's need to ensure imports are actually flexible, VEA is still unclear as to what and how LSEs will meet the demonstration requirements as proposed. For example, the proposal states that the resource scheduling coordinator will have to provide the ISO ". . . any information necessary to determine if the resources are capable of providing the flexible capacity for which it has been procured." This proposal element is ambiguous at this time; VEA requests further details of the specific information that will be necessary for the demonstration the ISO seeks.

Two other demonstration requirements listed in the proposal for imports are having sufficient import capability (MIC) and identifying the specific resource(s) that are supporting the import. These requirements also are unclear and raise questions. For example:

- Besides having this information provided prior to the final issuance of the Effective Flexible Capacity (EFC) list, what is the process by which the demonstration will be met?
- Will SCs submit several documents to the ISO and the ISO will then manually validate the information? Will SCs provide an affidavit attesting to the requirements?

These demonstration alternatives are administrative processes, which can be extremely burdensome on both market participants and the ISO, and could ultimately limit the quantity of imports that are shown as flexible. Given the ISOs continued focus on imports being potentially a large source of flexibility, limiting that potential due to administrative processes would be detrimental to the market. Rather than set up an up-front demonstration requirement, the ISO could rely on the RA Availability Incentive Mechanism (RAAIM) to incent SCs to only show imports that meet the flexibility requirements. Using a performance metric would not overly limit flexibility offered at the ties, and it would allow SCs to more efficiently manage their portfolio of imports to ensure flexible capacity is available to the market. VEA asks that the ISO provide further consideration to, and information associated with, its proposed demonstration or performance mechanisms.

Solar limitation: VEA understands the reasoning behind limiting solar to only providing 25% of any flexible RA product's requirement but would appreciate additional clarification on how the limit will be applied across LSEs. Will each LSE be limited to only meeting 25% of its requirement with solar capacity or is the 25% limit applied in aggregate to all LSEs' showings? If the latter, if more than 25% of a given product is provided by solar capacity, how will the ISO determine which LSEs have to reduce flexible RA capacity from its solar resources? Also, does the 25% limitation include solar backed imports?

VEA looks forward to continued discussions with the ISO in developing an effective yet reasonable approach to determining and allocating flexible RA requirements. Thank you for considering our

comments.