FRACMOO DRAFT TARIFF LANGUAGE
ISSUED MAY 19, 2014

Submitted by	Company	Date Submitted
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AReM has reviewed the draft tariff language issued by the CAISO on May 19, 2014 to address Flexible RA Capacity and Must Offer Obligations (FRACMOO) and provides the following comments.

§ 40.10 Flexible RA Capacity

§ 40.10.1 — Flexible RA Capacity Needs Study

§ 40.10.1.1 — Process — This section states that the CAISO's deadline for completion of the final study and submission of the results to the Local Regulatory Authority (LRA) is 120 days before the annual plans are submitted. The annual plans are submitted by Load-Serving Entities (LSEs) on October 31 each year, so 120 days before would be about the beginning of July. That date is inconsistent with the current practice for Local RA, where the CAISO issues its final study by May 1. AReM requests that the May 1 date also apply for the Flexible Capacity Needs study. July is far too late to allow time for a CPUC decision adopting the need and assigning allocations to its jurisdictional LSEs and then time for LSEs to procure to meet the requirements.

§ 40.10.1.2 — Required Data Submittal — This section requires all Scheduling Coordinators (SCs) for LSEs to submit the listed information to the CAISO by January 15 of each year. The section also states that, in addition to the required "resource-specific information," the listed data must be submitted "on an aggregated basis" as provided in the BPM. It is unclear what is considered resource-specific and what is to be aggregated. It is also unclear whether the requested data is only for wind and solar resources or other renewable resources as well. Please clarify.

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[1] AReM is a California non-profit mutual benefit corporation formed by electric service providers that are active in the California's direct access market. This filing represents the position of AReM, but not necessarily that of a particular member or any affiliates of its members with respect to the issues addressed herein.

In addition, AReM continues to question why such data collection is required when the CAISO has ready access to information on all renewable projects under development and their expected on-line dates. Such information is, in fact, already gathered and used by the CAISO in its transmission planning and LCR assessment activities. Accordingly, AReM recommends that the CAISO modify its approach and rely instead on the ample information already available to it on renewable projects, or provide further explanation as to how an LSE's contracts with wind and solar facilities are particularly germane to its determination of the flexible capacity requirement.

§ 40.10.1.2.1 — <u>Incorrect Information, Rerun and Penalties</u> — This section provides for a rerun of the needs assessment by the CAISO, if information is found to be "incomplete or inaccurate" and "material," in order to "quantify the impact." The CAISO also assigns penalties if the use of the incorrect data decreased the LSEs' Flexible Capacity need. First, it is unclear why the section refers specifically to the 2015 study and no recalculation of that study regardless whether incorrect data are found. Please explain.   Second, if the CAISO intends to impose penalties, it must provide LSEs due process to correct inadvertent errors or, at minimum, provide an explanation of the supposed error. The tariff language should be modified to provide for due process before a determination is made to impose a penalty. Third, the tariff should clearly specify that providing data in accordance with the CPUC requirements does not constitute "incorrect information."

§ 40.10.2 — <u>Allocation of Flexible Capacity Need to LRAs</u> — This section states that the CAISO will provide the LRA with its share of the need and the need for each of its jurisdictional LSEs no later than 120 days before plans are to be filed. As noted above, this seems too late and should be revised to specify May 1 as the appropriate date to be consistent with Local RA.

§ 40.10.3 — <u>Flexible Capacity Categories</u>

§ 40.10.3.2 — <u>Base Ramping Resource Requirements</u> — This section should be revised to clarify that a Base Ramping Resource that runs continuously does not have to meet the minimum Start Up requirement, assuming it is not Use Limited or has other Start Up restrictions in the Master File. AReM suggests the following revisions:

(4)   **If the resource is not operating as a base load resource, t**he resource must be able to provide the minimum of two Start-Ups per day or the number of Start-Ups allowed by its operational limits, including minimum up and minimum down time; and

§ 40.10.3.5 — <u>Non-Eligible Resources</u> — This section should be revised to state that the CAISO is reviewing the use of imports to provide Flexible Capacity and may decide to lift this prohibition in the future.

§ 40.10.4 — Effective Flexible Capacity (EFC) —

- Making available the final EFC list by October 1 is unacceptable, considering the annual plans are due on October 31. AReM requests that the CAISO modify this date to no later than August 15.
- The CAISO draft tariff language does not specify that that the CAISO provides both the EFC **and the Flexible Capacity category** for each resource by the date certain. Please add that clarification. LSEs cannot conduct efficient and cost-effective procurement to meet the Flexible Capacity requirements without knowing the Flexible Capacity category for each resource.

§43 Capacity Procurement Mechanism (CPM)

§43.2.7 — Collective Deficiency for Flexible RA Capacity

§43.2.7.1 — Opportunity to Resolve Deficiency – Language should be added to this section to specify how the CAISO will address "deficiencies" by LSEs that meet the CPUC requirements, but not the CAISO's. As previously noted by AReM, it is unacceptable for LSEs to be caught between two jurisdictions with two different sets of rules. The CAISO should ensure that no penalty or CPM payment accrues to LSEs that meet the CPUC's rules.