

Stakeholder Comments Template

Regional Resource Adequacy Initiative Issue Paper

Submitted by	Company	Date Submitted
Joyce Kinnear jkinnear@santaclaraca.gov (408) 615-6656	Bay Area Municipal Transmission (BAMx) ¹	January 7, 2016

This template has been created for submission of stakeholder comments on the issue paper for the Regional Resource Adequacy Initiative that was posted on December 9, 2015. The issue paper and other information related to this initiative may be found at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/RegionalResourceAdequacy.aspx>.

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **January 7, 2016**.

If you are interested in providing written comments on the issue paper, please provide your comments below.

Bay Area Municipal Transmission (BAMx) [appreciates this opportunity to comment on the Regional Resource Adequacy Initiative Issue Paper](#). In crafting adjustments for a regional program, three themes should be consistent throughout:

1. **Minimize adjustments to the existing RA program.** Changes should focus on those necessary for regionalization. Other changes should be addressed in separate stakeholder processes.
2. **Any adjustments to the program should not cause an existing Load Serving Entity (LSE) that is currently compliant with the CAISO's RA requirements to become non-compliant** or have to modify its resource portfolio to become compliant.
3. **If a LRA chooses to adopt a different reliability margin than the CAISO Tariff default, the consequences of such a choice, positive or negative, should rest with the LSEs** subject to the LRA's jurisdiction.

Our comments on the identified issue areas are below.

Making the Tariff More Generic – BAMX agrees with the CAISO that the tariff should be made more generic in its reference to CPUC jurisdictional and non-CPUC jurisdictional entities. In many cases the tariff refers to the "CPUC, Local Regulatory Authority, or federal agency." Such references could potentially be replaced with a more general Resource Adequacy Regulatory Authority ("RARA").

¹ BAMx consists of Alameda Municipal Power, City of Palo Alto Utilities, Port of Oakland and City of Santa Clara, Silicon Valley Power.

Updating the ISO Default Provisions – BAMX agrees that the CAISO default provisions for resource counting in Section 40.8 could potentially be updated to reflect current practice in California for establishing the RA Requirement. However, any such updates should be limited to those necessary for the regionalization effort. Other modifications to bring the tariff up to date should be addressed in separate, focused stakeholder processes.

Establishing the RA Requirement – As noted earlier, this topic should be approached carefully to ensure that the reliability enjoyed or costs experienced by jurisdictional LSEs flow from the LRA's choices in selecting a Planning Reserve Margin (PRM). While the flexibility of having the LRAs set their PRMs is very important, it is also important that the consequences of such a choice, positive or negative, rest with the LSEs subject to the LRA's jurisdiction.

Counting Resources to Meet Requirements – The methods for counting resources are likely to grow more complex with regionalization. For example, the Qualifying Capacity (QC) of a wind or solar project may vary with the geographic location and load being served. BAMX is concerned about developing a standardized approach for planning reserves that makes it difficult to tailor a resource portfolio to a LRA/LSE's specific needs and also makes innovation challenging. For example, one LRA may choose to implement an Effective Load Carrying Capability (ELCC) method of resource counting while another may prefer the older Exceedance-based approach. Each RARA should be able to select the optimal approach for that region. Of specific concern here is maintaining the ability of one state to mandate a specific approach while not forcing LRAs in other states to follow that specific mandate.

Zonal Transfer Constraints, such as Path 26 or paths between California and PacifiCorp or within PacifiCorp, should be respected in supplying resources to meet RA requirements. However, as the use of zones expands, the benefits and risks of alternate counting mechanisms need to be vetted among stakeholders. For example, should zonal limits apply to the cumulative designated resources using the path in each direction to reach its contracted load or should the limits be applied to the net of the transfers in each direction? For example, if southern California LSEs are contracting with resources in NP15 and northern California LSEs are contracting with resources in SP15, should the zonal limits be enforced on the gross contracts in each direction or the net?

The CAISO's deliverability methodology may need adjustment as the current methodology is built around delivering generation to "the aggregate of load." This concept becomes less clear for a large region. For example, wind in Wyoming may be deliverable to load in Utah and wind in the Tehachapi Area may be deliverable to California. However, should wind in Wyoming or the Tehachapi Area be required to be deliverable to the other sub-areas? It may no longer be reasonable to have the determination of Area Deliverability Network Upgrades (ADNU) be agnostic to the load being served. Adjustments to the deliverability methodology, possibly coupled with the expansion of Zonal Transfer Constraints, will need to consider the regional topology and loads being served.

Backstop Provisions – The costs for backstop resource procurement should flow to the beneficiaries of such procurement. If procured to address local or zonal needs, those not benefiting should not be assigned any costs associated with such procurement. For entities within the benefitting area, consideration should be given for differentials in planning margins maintained by individual LSEs.

Schedule – BAMx supports CMUA's concern that the timeline that the CAISO has proposed is inadequate for addressing the complex issues and supporting in a robust stakeholder engagement.