

Stakeholder Comments Template

Subject: Regional Resource Adequacy Initiative

Submitted by	Company	Date Submitted
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This template has been created for submission of stakeholder comments on the Straw Proposal for the Regional Resource Adequacy initiative that was posted on February 23, 2016. Upon completion of this template please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **March 16, 2016**.

BPA Regional RA Comments:

Bonneville Power Administration (BPA) appreciates the opportunity to be a stakeholder in the Regional Resource Adequacy (RA) process, and to provide comments on the recent Straw Proposal. Several of the Public Utilities BPA serves as a Federal wholesale power marketing agency are located in PacifiCorp's East and West Balancing Authority Areas. Bonneville customer loads in the PacifiCorp East and West balancing areas amount to about 650 MW of annual average load. At the estimated time of PacifiCorp's transition to a PTO BPA will serve these loads either with transmission over PacifiCorp's system secured by Network Integration Transmission Service Agreements with PacifiCorp for Network Transmission, or by Legacy Transmission Agreements. As such, the outcome of the Regional RA process is of direct importance to BPA and the public utility customers it is representing here.

Greater Detail

BPA appreciates the California ISO's general approach in these stakeholder initiatives of developing the high-level framework before diving into finer details. However, with the Regional RA initiative, the ISO has not presented enough detail in order for stakeholders to be able to evaluate the proposed changes to RA rules effectively. For example, it is difficult to evaluate proposed changes to the Maximum Import Capability (MIC) without knowing how the *current* set of MIC rules would look when applied to PacifiCorp's system. Similarly, for Internal RA Transfer Constraints, stakeholders do not have any information on what the methodology for Path 26 looks like. As such, it is impossible to develop a position on this methodology applied to PacifiCorp's system.

For the Transmission Access Charge Options stakeholder process, the ISO, even in its Issue Paper, provided examples of what the different proposals might look like when applied to rate

forecasts. The ISO even provided a computational tool for stakeholders to do their own analysis of different scenarios. BPA suggests that for the next Straw Proposal, the ISO provide similar details of what Regional RA looks like when applied to PacifiCorp's system, and how proposed changes might affect that. Specifically: please provide details on the Maximum Import Capability and Internal RA Transfer constraint figures that stakeholders can expect to see in the expanded ISO footprint. BPA also suggests including other details as well, such as how the 13-step process the ISO currently uses will allocate RA import capability to the LSEs in PacifiCorp's BAAs, and where the ISO plans to draw lines for TAC Areas to be used in Local RA calculations.

Reliability Assessment and PRM

The ISO proposes that each Local Regulatory Authority (LRA) can maintain its own Planning Reserve Margin under this framework, and as long as the system reaches a certain "System PRM", no shortfall will be detected. However, if shortfalls are detected, short LSEs will be asked to increase their RA procurement, and eventually the ISO will use backstop procurement authority. BPA understands the need to prevent leaning, but in essence, this reduces an LRA's ability to set its own planning reserves. In such a system, it is possible that LRAs and LSEs can be operating under good utility practices and still fall short of ISO minimum requirements. A related question is whether the ISO is willing to accept system Planning Reserve Margins (PRMs) other than the CPUC's 15-17%. Finally, with regards to Backstop Procurement, BPA is interested in the development and application of the Backstop Procurement Authority process and hopes that the CAISO along with stakeholders work together to develop an open and fair procedure that limits the ability of a PTO to pass through any backstop procurement costs to LSEs that did not contribute to RA shortfalls.

Maximum Import Capability

BPA understands the need to use a value other than the total rated capacity of every import line for RA purposes, however, it seems the use of two years of historical data is somewhat arbitrary. Two years of historical data does not seem sufficient to truly reflect intertie import capability, especially when large hydroelectric systems are involved. While BPA uses 55 years of data for similar purposes, 10 years of historical data would likely be a more accurate representation of average conditions on an intertie.

The ISO's current framework also does not consider a methodology to account for the rights that long-term transmission customers have today. Specifically, some long-term transmission customers on the PacifiCorp system use those rights to import resources to meet load obligations. Under the OATT paradigm, those customers holding contracts greater than five years in term have the right to "roll-over" their current transmission purchases upon expiration of contracts. BPA suggests that the ISO account for existing transmission customers' rights to import resources to meet load in determining Maximum Import Capability (MIC) for RA, and in allocating that MIC to entities within the PAC BAAs.

Internal RA Transfer Capability Constraints

BPA proposes that the ISO use sub-regions instead of single transmission lines to define Internal RA Transfer Capability Constraints at a minimum, possibly moving down to more granular TAC areas depending on results. The reason for this suggestion is that a larger ISO will more than likely span multiple time zones and using a full ISO coincident peak will more than likely not capture peak constraints in other time zones. Therefore, the pro rata load ratio share should also be calculated against the total load in each sub-region or TAC area. Interties between two sub-regions may need to be handled in a separate process.