

# Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the FRACMOO Phase 2 stakeholder initiative Draft Framework Proposal posted on May 1, 2017.

Submit comments to [InitiativeComments@CAISO.com](mailto:InitiativeComments@CAISO.com)

**Comments are due December 13, 2017 by 5:00pm**

The Draft Framework Proposal posted on November 20, 2017 and the presentation discussed during the November 29, 2017 stakeholder web conference may be found on the [FRACMOO](#) webpage.

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

## **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.

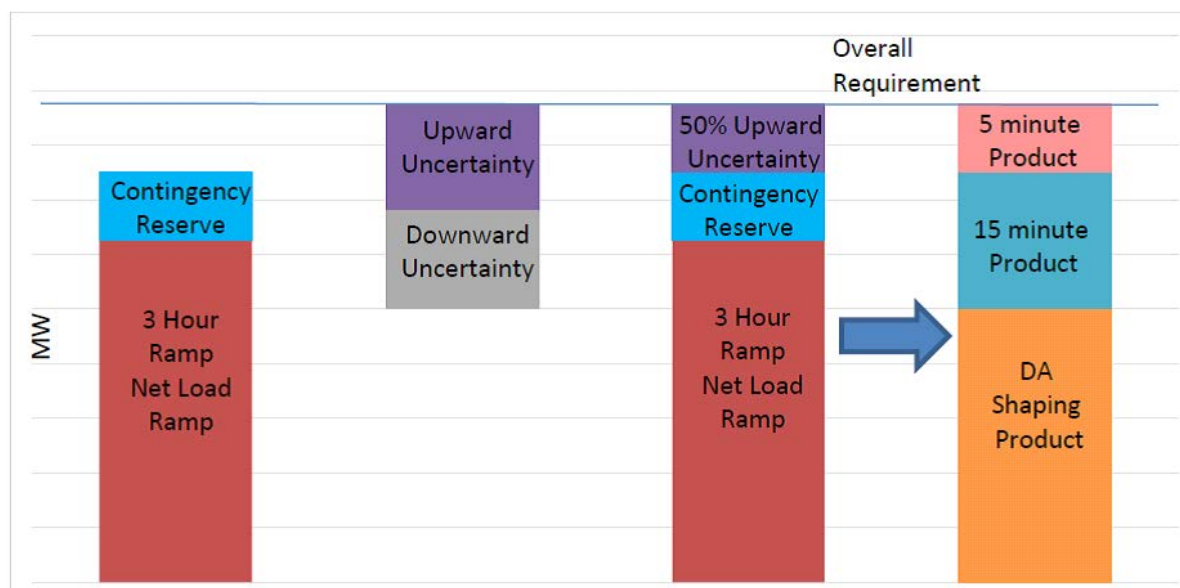
### **Comments:**

CalWEA supports CAISO's position that the new flexible RA framework should address both predictable and forecastable ramping (general ramping) needs as well as unpredictable and uncertain ramping (uncertainty) needs. However, based on the CAISO's latest draft proposal, CalWEA is concerned that the magnitude of the problem may be misunderstood. The CAISO proposal presents the additional uncertainty-based ramping need for an operating day in terms of what needs to be procured to satisfy the ramping uncertainty between the day-ahead (DA) time frame and that of real-time operation. However, for any operating day, the maximum 3-

hour Flexible RA capacity for the entire month of operation that includes that operating day is available to the operator, and that available Flexible RA capacity should be enough to cover the actual ramping needs including the uncertainty-based flexible capacity need for most operating days of the month. So, within the current Flexible RA capacity framework, if any uncertainty flexible capacity component (at any percentile value) is to be added on top of the Flexible RA capacity need, that component should be calculated based on the difference between the daily measured maximum real-time flexible capacity need and the long-term Flexible RA capacity procured for that day.

That being said, we agree with CAISO's thinking that the structure of the flexible capacity requirement determination should be revamped per the right-most bar in the figure below from the CAISO proposal.

**Figure 12: Determining the Requirements for Day Ahead Shaping Product**



In this framework, CalWEA proposes that the DA shaping and a portion of the 15-minute product be procured on a long-term basis and the remaining portion of the 15-minute and all of the 5-minute products be procured as part of the CAISO's DA and FMM markets, respectively.

### **Quantification of the flexible capacity needs**

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

#### **Comments:**

As we noted above, CalWEA agrees with CAISO that a complete new framework should be established to procure flexible capacity based on procurement of a DA Shaping product as well as 15-minute and 5-minute products. In such a framework, we believe that all of the forecasted DA Shaping and part of the 15-minute flexible capacities should be procured/reserved on a long-term basis (e.g., annual and monthly Flexible RA capacity).

Finally, we would like to ask CAISO to seriously consider and study the potential interaction and overlap between the 15-minute and 5-minute flexible capacity products and CAISO's existing Flexi-Ramp capacity product.

### **Eligibility criteria and must offer obligations**

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. Additionally, the ISO has identified a preliminary list of resources 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.

#### **Comments:**

CalWEA is surprised at the scope of discussions and arguments that have surrounded the eligibility to provide flexible capacity and must-offer obligation. On the subject of eligibility, rather than trying to identify the type of resources (conventional versus VERs, in-system versus imports, etc.) that are eligible to provide flexible capacity, the focus should be on developing strict technical requirements for provision of flexible capacity products of a different variety – load shaping, 15-minute and 5-minute products. Once these strict technical requirements are established for each flexible capacity product, all resources that can clearly show that they meet these requirements should be allowed to provide that product. For example, we believe that once the requirements are strictly developed, a typical VER cannot be relied upon to offer an upward load shaping capacity product, but can be relied on to provide downward 15-minute or 5-minute uncertainty products, if such products are actually desired.

On the must-offer obligation, once a resource has been reserved and paid for providing certain capacity products, that resource MUST offer that reserved capacity into the market to be dispatched as needed.

### **Equitable allocation of flexible capacity needs**

Equitable allocation of flexible capacity needs is a critical element of a new flexible RA framework. The ISO seeks comments on potential allocation methodologies.

**Comments:**

CalWEA believes that CAISO already has an effective framework for allocating flexible capacity requirement to LSEs on a causation basis. However, to date this framework has not been correctly implemented because, while CAISO has been calculating the causation-based requirements for individual LSEs, when it comes to actual implementation, the aggregate requirement for a number of LSEs is passed onto the LRAs that have jurisdiction over those LSEs. Unfortunately, the CPUC, the largest LRA in California, has been sub-allocating the flexible capacity requirement to its jurisdictional LSEs on a load-share (not causation) basis. CalWEA believes that either (a) the CPUC should correct its sub-allocation process or (b) the CAISO should start allocating flexible capacity needs directly to LSEs with the final results to be administered by the relevant LRAs.

**Other**

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

**Comments:**

We provided our related comments in our responses above.