

**California Department of Water Resources Comments on  
Reliability Services Initiative-Phase 2 Revised Straw Proposal**

October 26, 2015

California Department of Water Resources (CDWR) appreciates the opportunity to submit its comments to the California Independent System Operator (CAISO) on its straw proposal, "Reliability Services Initiative-Phase 2 Revised Straw Proposal", dated October 7, 2015. CDWR respectfully submits following comments:

Substitution for flexible capacity resources on planned outage:

Planned Outage "Replacement" Capacity would be a better term than "substitute." CAISO has often used the word "replacement" for planned outages while using "substitute" for forced outages.

Separate local and system RA for purpose of forced outage substitution:

CAISO's proposal to allow separate local and system RA does not take into account resources in a local area that are procured for flexible RA. CAISO's preferred option is to allow resources in a local area procured for system RA that go on forced outage to be replaced with another system resource. This provision should also apply to forced outages and planned outages if the local area resource is procured for flexible RA.

Accounting for flexible RA in addition to separate local and system RA may require CAISO's proposed flag (local or system) to be extended further to include flexible capacity category. This will enable identification of the local resource used for flexible capacity designation.

The proposal states, *"The ISO believes that requiring specific local RA designations is the best solution and is a pareto improvement relative to the status quo. Specifically, this option provides a mechanism by which LSEs can show the ISO the resources it is relying on to meet its local capacity obligation. Further, for resources procured to specifically provide system or local capacity, it aligns the substitute capacity cost risk with the type of capacity for which it has been procured. Finally, the obligations for substitute capacity are clearly defined, allowing LSEs to show all local capacity they have procured."* If the local resource is designated for flexible capacity, then for substitution, it should be able to be substituted by similar or better flexible capacity anywhere.

Further, if a resource is designated simultaneously for local, flexible category 1, Category 2, Category 3, and system, how is the forced outage going to count? Is the system RA at the top or at bottom? And which needs to be substituted?

Example:

Resource: RES A - NQC= 100 MW, EFC=70 MW

Designated capacity:

Local RA= 30 MW

Flexible RA, category 1= 25 MW,

Flex RA, Category 2=10 MW

Flex RA Category 3= 35 MW

System RA=30 MW (non-local and non-flexible)



If the forced outage occurs for 80 MW, what capacity needs to be substituted and by what type of resource? Similarly, if planned outage occurs for 80 MW, what needs to be replaced for above resource?

#### Use-limited reached outage card RAAIM treatment:

Does the Use Limitation reached look at Annual Use limitation only? Or is it looking at monthly and daily use limit also? It seems like the outage card is submitted if annual use limitation is reached in a month and beyond that month, it will not be exempt from RAAIM. Is ISO contemplating use limit reached outage cards for monthly use limit and daily use limit also?

#### Masterfile changes and RAAIM availability:

The proposal states, *“Therefore, the ISO proposes to apply the RAAIM to resources where Masterfile changes disqualify them from providing a flexible capacity category. Specifically, the ISO proposes to assess as unavailable under RAAIM resources that change Masterfile parameters that lower the flexible capacity category eligibility to a category below the one for which it is shown. These resources may provide substitute capacity to avoid exposure to RAAIM charges”*. What will be the mechanism to submit substitution due to Masterfile changes?

#### Streamlining monthly RA showings:

The ISO is proposing to automatically roll LSEs RA showings from the annual showing into the monthly showings. CDWR does not object to this proposal, but recommends that CAISO consider how this proposal will interact with updates to forecasts from the CEC. When CAISO receives updated demand forecasts from CEC in the monthly process for an LSE, then the annual RA showings for that LSE could be short or long depending on the CEC’s updated monthly demand forecast. In that situation rolling over may not provide the anticipated benefits, because the updated forecast would force the LSE to revise its RA plan and supply plan in the monthly process.

#### Clarify Local Regulatory Authority interaction and process alignment:

Certain questions in the LRA configuration template ask for “yes” or “no” response. However, there may be extra explanations needed beyond “yes” or “no” response and that description may represent how LRAs adopt existing methodology with regard to the question. So, the template should have a column that allows input of description in addition to “yes” or “no” response. For example, CDWR uses participating load for RA which is not treated as demand response by ISO; in response to this demand response question, CDWR would have a different response than “yes” or “no” with some description that would provide how such resources are used for RA which should be accommodated in the configuration template.

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