

**California Department of Water Resources Comments on
Reliability Services Initiative-Phase 2 straw proposal**

September 9, 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”, dated August 19, 2015. CDWR respectfully submits following comments:

Resource Adequacy Availability Incentive Mechanism (RAAIM exemption): Exemption applies currently to wind, solar, participating load. Will ISO develop mechanisms in the future for these resources to be included in the RAAIM, or they will continue to be exempt?

Seasonal LCR: CDWR supports the idea that local RA should be capped to the LSEs system RA (even though the straw proposal identifies this issue as out of scope). A comprehensive RA mechanism should include this enhancement rather than the LCR study.

Flexible Capacity from a Participating Load: The scope of this initiative does not include flexible capacity from a Participating load. This initiative should consider including provisions for a participating load to provide flexible RA.

LRA and LSE interactions and process alignment: The straw proposal states, *“This section will first define the standard components that the ISO needs to identify to determine whether an LSE is in compliance with the ISO’s RA program as well as the local regulatory authority’s program”*. CDWR is the LRA for the State Water Project, and it is the entity with jurisdiction to establish the requirements of the State Water Project (“SWP”) RA program. The CDWR LRA itself is also the entity with jurisdiction to determine whether the SWP RA plan meets its requirements. While CDWR maintains its jurisdiction to establish RA requirements, CDWR has no objection to providing CAISO with information about its RA program and requirements, although aspects of the CAISO requirements seem somewhat burdensome. For example, the CDWR LRA plan requirements do not change very often, and might change only when there is a change in the CAISO requirements. As with most LRAs that are not the CPUC, the CDWR LRA regulates only one entity, making LRA allocation issues largely beside the point. Rather than making individual LRAs fill out forms each year to report the same information, the tariff should require LRA’s to file new forms when their plans or planning criteria change, with the default criteria (in the absence of an annual filing) being the last plan or criteria the LRA submitted (rather than the tariff default criteria). CDWR also requests clarification as to what factors CAISO would use to determine whether an LSE is in compliance with ISO’s RA program.

Participating Load not defined as a demand response resource: The current tariff definition does not include Participating Load as demand response resource. The template requires demand response

resources; it is not clear how a participating load used for RA should be reported compared to the demand response resources.

Outages of local area resource designated only for system RA: A resource that qualifies as a local RA resource may be designated only for system RA or partially designated both as local and system RA. Substitution during forced outage and replacement of planned outages can be complex. For Planned outage, the proposal states, *“If the resource is needed for local reliability and cannot defer the outage, it can provide replacement from another local capacity resource. This allows the resource to avoid taking a planned outage while also providing the ISO greater assurance that local reliability is not compromised by the outage”*. It is not clear if the resource must be from the same local area or any other local area.

For the forced outage, ISO is considering 3 options.

- 1) Make no change;
- 2) Remove the resource from the local capacity study process; and
- 3) Leave the resource in the LCR study process, but allow ISO discretion regarding whether system or local capacity is needed if the resource goes on forced outage

Option 3 seems better than the other two options. If a local RA eligible resource capacity is used only for system RA, then that capacity should be shown as separate from local capacity from the same resource. The system RA portion of the capacity from the resource could be excluded from local reliability assessment for the period of designation. Then any system RA resource capacity can be used for substitution and replacement of the system RA portion of the local resource.

Participating Load provisions on availability assessment:

RSI1 deferred participating load provisions to RSI 2.

An excerpt from January 22, 2015 Draft Final proposal on Reliability Services:

*“6.14.5. Participating Load that is also pumping load
Participating load that is also pumping load will be exempt from the availability incentive mechanism due to their unique must-offer requirement that requires real-time energy offers only if the resource receives a DA AS schedule. This cannot be accommodated in the availability incentive mechanism framework.”*

CDWR understands that the exemption will continue under RSI-Phase 2. Just as the unique must offer requirement is associated with a participating load, substitution and planned outage replacement that are applied to a generating resource does not fit a participating load resource and its functional model. There is a need to revisit participating load model and determine whether planned outage and forced outages are applicable at all, compared to a generating resource. CDWR currently does not report outages on participating load pseudo gen; non-spin offer schedule is dependent on the Day Ahead Demand schedule and energy bid in the real time is dependent on the Day Ahead non-spin award. If the

demand is absent, there will be no offer schedule. Therefore, substitution and replacement as applied to generating resources should not apply to participating load pseudo gen.

Contact:

Mohan Niroula

Mohan.niroula@water.ca.gov

916-574-0712