



## Stakeholder Comments Template

### RA Enhancements

This template has been created for submission of stakeholder comments on the RA Enhancements Issue Paper that was published on October 22, 2018. The Issue Paper, Stakeholder Meeting presentation, and other information related to this initiative may be found on the initiative webpage at:

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

Upon completion of this template, please submit it to [initiativecomments@caiso.com](mailto:initiativecomments@caiso.com).

Submitted by	Organization	Date Submitted
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Submissions are requested by close of business on **November 14, 2018**.

**Please provide your organization's comments on the Issue Paper scope items listed below and any additional comments using this template.**

### Scoping Items

The ISO's has identified the following items for the initial scope of this stakeholder process. Please provide comments on each of the scoping items.

#### **1. RA Counting and Eligibility Rules**

##### **a. System RA**

The ISO proposes to review the RA counting and eligibility provisions related to RA resource NQC adjustments in this initiative, including a review of the application of Effective Forced Outage Rate (EFOR) performance criteria and accompanying NQC reductions and a review and clarification of RA counting rules for RA resources. Please provide comments on this scope.

#### **Comments:**

Application of EFOR performance criteria and NQC reductions, and review and clarification of RA counting rules seems like an appropriate scope for the system RA rules. Since the CPUC/other LRAs determine the QC values, it likely goes without saying that

CAISO coordinate closely with CPUC if the review indicates a need for any of the values to be adjusted.

**b. Flexible RA**

The ISO proposes to continue exploring enhanced flexible RA counting rules started in the FRACMOO2 stakeholder process. More specifically, the ISO will continue assessing the operational capabilities required from the fleet to align with both the Day-Ahead Market Enhancements (DAME) and the Extended Day Ahead Market (EDAM) and what flexible RA counting rule changes may be needed. Please provide comments on this scope.

**Comments:**

CAISO's proposal to continue exploring enhanced flexible RA counting rules strated in the FRACMOO2 process is important. In comments filed at the CPUC today, the Council emphasized that carbon-free resources are more likely to provide ancillary services and other high-value grid services if they are already integrated into the CAISO wholesale market. We do believe it is important for CAISO and the CPUC to continue to recruit advanced flexibility resources that are actively participating from demand-side reosurces in other markets and that California will increasingly need to meet its climate goals. Rules will need to continue to be developed to maximize the ability of these low carbon/carbon free resources to play a role in reliability providing flexibility services to the grid. Now is definitely not the time to let these resources lapse or to de-fund innovation and new business models that are entering the market to address our energy challenges. We appreciate CAISO's recognition of the need to change the rules as necessary to encourage flexibility resouces.

**2. Review of Resource Adequacy Import Capability Provisions**

The ISO proposes to conduct a comprehensive review of the ISO's Import Capability provisions, including; calculation methodologies, allocation process, and reassignment/trading provisions. The ISO believes that is may also be necessary to consider multi-year assessments and allocations. Please provide comments on this scope.

**Comments:**

This review seems reasonable.

**3. Rules for RA imports**

The ISO proposes to include a review of RA import rules and provisions in the scope of this initiative, including a reassessment of the requirements and rules for the sources behind RA imports. Please provide comments on this scope.

**Comments:**

This additional review seems reasonable.

#### **4. Must Offer Obligations, Substitution Rules, and RAAIM**

The ISO proposes to include a review of the following set of issues as a part of this stakeholder initiative; need for substitution rules and RAAIM, developing an emergency or event based RAAIM trigger, and must offer obligations for RA imports. Please provide comments on this scope.

##### **Comments:**

The Council appreciates CAISO's recognition that RAAIM may need to be assessed with stakeholder input to determine if it is needed, and if needed, how it should be triggered. We look forward to participating in this discussion as it moves forward.

#### **5. System and Flexible Capacity Assessments and Adequacy Tests**

As part of this stakeholder initiative, the ISO is considering a new tool to assess the adequacy of the system and flexible RA fleet. Please provide comments on this scope.

##### **Comments:**

The Council supports CAISO's proposal to consider a new tool to assess the RA fleet, recognizing that the effectiveness of the MCC buckets has been eroded as the portfolio has shifted from a fossil based system to one that is increasingly supported by clean renewable resources such as wind, solar, demand response and storage. These clean resources have use and availability limitations that invite a reevaluation of the usefulness of MCC buckets. It is really important that we don't continue to try to make these newer resources perform like generators, but, instead, recognize the value these resources bring when used in conjunction to meet the needs of the grid.

#### **6. Meeting Local RA Needs**

##### **a. Local capacity assessments with availability limited resources**

As part of this stakeholder initiative the ISO proposes to enhance the ISO's local capacity technical analysis to assess the impact of availability limited resources on local capacity needs. Please provide comments on this proposed scope.

##### **Comments:**

The Council agrees it is reasonable for CAISO to enhance the RA program so local capacity assessments consider availability limitations, including limitations on duration hours and event calls, when evaluating a resource's contribution to local reliability needs. While considering these "limitations," however, it is important to remember that both "fast" and "slow" demand response resources are capable of meeting local reliability requirements.

##### **b. Meeting local capacity needs with slow demand response**

Through this initiative, the ISO proposes to explore how to best operationalize slow DR through pre-contingency dispatch so these resources can mitigate local

reliability concerns and qualify for local RA. Please provide comments on this scope.

**Comments:**

The Council has been involved in previous CAISO discussions of demand response resources that cannot respond to a CAISO dispatch instruction within 20 minutes. This issues has been challenged previously in the Buseinss Practice Manual PRR process, and we are pleased that CAISO is now prepared to have this discussion as part of a broader stakeholder initiative.

**7. CPM/RMR Review**

Through this initiative, the ISO is planning to identify any needed changes to the capacity procurement mechanism (CPM) or reliability must run (RMR) mechanisms, particularly focusing on the existing cost allocation tools. Additionally, the ISO will specify the process for backstop procurement of essential reliability resources (ERRs) if they are not procured through the RA process. Please provide comments on this scope.

**Comments:**

This is a reasonable review.

**Scope of Policy Examination**

The ISO's has identified the initial scope for this stakeholder process as the items listed above. Please provide comments on the proposed scope. If there are specific items not already identified by the ISO that you believe should be considered, please provide specific rationale for why the ISO should consider it as part of this initiative.

**Comments:**

The initial scope addresses our current concerns, but we look forward to seeing the issues raised by other stakeholders.

**Other**

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

**Comments:**

One issue that is coming up in many of our discussions with our members and other stakeholders is the need to take a fresh look at how we view our resource mix in light of all the newer players/resources entering the market. The time for viewing every resource through the lens of a generator is gone, and the rules developed by the CAISO need to reflect that reality.