

Stakeholder Comments Template

FRACMOO 2 Stakeholder Working Group

This template has been created for submission of stakeholder comments on the FRACMOO 2 Working Group Call that was held on August 2, 2017. The working group presentations and other information related to this initiative may be found at:

<http://www.caiso.com/informed/Pages/StakeholderProcesses/FlexibleResourceAdequacyCriteria-MustOfferObligations.aspx>

Submitted by	Company	Date Submitted
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Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **August 18, 2017**.

Please provide your organization's comments on the following items:

1. Operational issues discussed during the working group related to flexible capacity needs.

The California Large Energy Consumers Association (CLECA) appreciates the operational concerns raised by the CAISO on the FRACMOO 2 call on August 2. The challenge in this stakeholder process is to translate those concerns into a definition of flexible capacity or new market products or market design changes that will provide the CAISO with the resources it needs to operate the grid reliably while meeting the relevant NERC and WECC standards.

What is not clear from the presentation is what types of possible solutions are in scope at this time. On the call, the CAISO suggested that LSEs should provide portfolios of resources to meet its operational needs and their own business needs by the 2020 RA compliance year. Does this mean that the CAISO would like LSEs and their scheduling coordinators to provide some type of firmed and shaped portfolio? Would this proposal be part of this process or part of the upcoming initiative on comprehensive RA reform?

On the call, parties mentioned options such as restricting renewable ramp rates, having sufficient economic bids for renewables, minimizing non-dispatchable resources and self-scheduling, more granular day-ahead markets, etc. Are all these in scope? The CAISO should clarify if new market products and market changes are to be considered in this stakeholder process. It does appear that market design changes are in scope for the Brattle study, but is not clear when the Brattle study will be completed and how this relates to the time frame to reach a draft final proposal the end of this year.

CLECA is pleased that the CAISO will now consider resources with shorter availability periods than three hours to provide flexibility, because it has opposed such a solution in the past. Such shorter-term resources could be targeted at ramps shorter than the current three hours, including intra-hour ramps.

2. Proposed flexible capacity procurement framework presented by The Brattle Group.

The Brattle proposal was very high level, so it is difficult to provide feedback. There was a good recommendation made on the August 2 call that the draft Brattle scope of work should be shared with stakeholders for comment. This would provide something more concrete for review.

Clearly the issue is how to map operational needs into planning requirements. We are not aware of any off-the-shelf solution to this problem, especially in the context of ever-increasing amounts of variable energy resources, both grid-connected and behind-the-meter. As noted above, providing parameters for LSE portfolios might be a solution, but this would represent a very different future from the present expectation that the CAISO will use its market rules to determine the dispatch of all bid-in resources.

3. Proposed flexibility metrics and any additional metrics that you believe the CAISO should consider.

CLECA does not have a proposal for additional metrics at this time, although some way of addressing forecast error should be incorporated.

4. Plan to move the flexible capacity initiative forward.

Given the challenges in converting operational issues into a planning context, it is not clear that the CAISO can develop a draft final proposal by the end of 2017. Furthermore, if the CAISO does have a draft final proposal by the end of the year, there may be changes before a final proposal goes to the CAISO Board in mid-2018. Those changes should be given stakeholder review before going to the Board.

The goal of having a proposal to be taken up at the CPUC for the 2020 RA compliance year is commendable. However, if a final proposal goes to the CAISO Board in mid-2018, and if some of the solutions involve market changes, can these changes be implemented by 2020? In addition, would there be enough time for the tariff changes (and a stakeholder review of these) that would be required for a new definition of flexible capacity and market changes? The presentation appears to contemplate such review since it says that the stakeholder process will run until the end of 2018.

5. Any other comments.

CLECA has questions about the proposal to change the definition of net load to load minus inflexible capacity. There is a difference between self-scheduled capacity that has a predictable load shape and solar and wind, which do not. It appeared as though the CAISO was previously moving in the direction of limiting self-scheduling in past proposals, although numerous parties argued that some level of self-scheduling was necessary. However, it appears that there are differences between self-scheduled resources whose output cannot be forecast and those whose output can be forecast. How does the proposal to redefine net load take into account this difference? Isn't this important in the context of forecast errors?