

## 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 Revised Straw Proposal posted on May 1, 2017.

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

**Comments are due May 22, 2017 by 5:00pm**

The Revised Straw Proposal posted on May 1 and the presentation discussed during the May 8 stakeholder web conference may be found on the [FRACMOO](#) webpage.

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

### **Proposal to modify eligibility criteria**

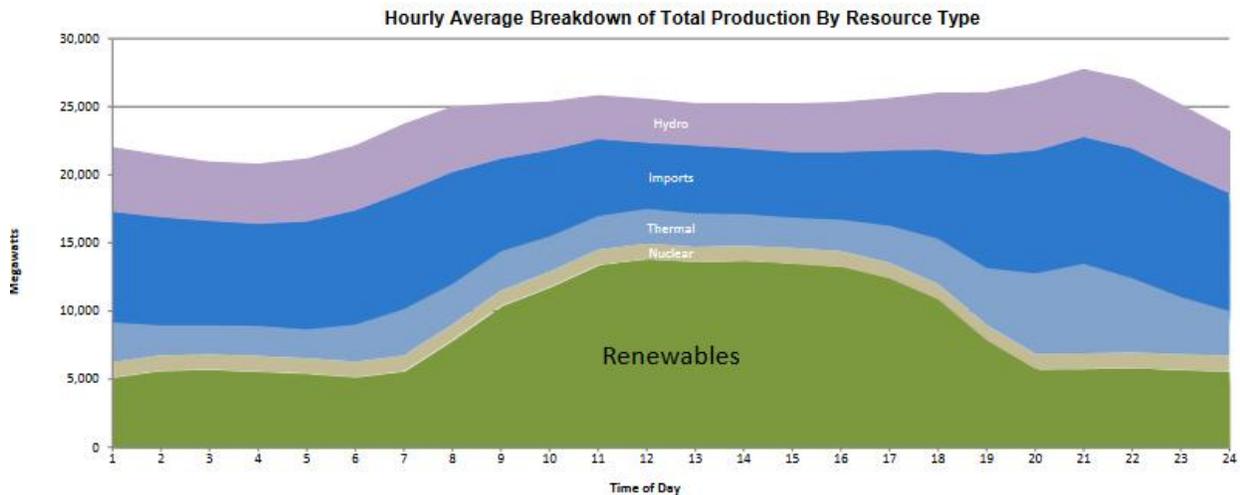
1. Start-up time less than 4.5 hours and Minimum run-time less than 4.5 hours

#### **Comments:**

Restricting EFC eligibility to resources with start-up time and minimum run-times of less than 4.5 hours does not appear to address the need for resources that can meet ramping needs on a daily basis. By our estimation, overlaying these criteria on the current EFC list results in the following types of eligible resources (see table below). This list includes many resources that while technically able to respond quickly, have use limitations that make daily ramping infeasible.

Resource Type	MW
Thermal	5,131
Peaker	4,189
Hydro	5,742
Biomass, Cogeneration, Geothermal, Other	1,805
Total	16,867

Flexible capacity criteria should reflect actual system needs and the resources that can be regularly used to meet those needs. When we look at the typical resource mix (see graph below),<sup>1</sup> it appears that many types of resources, including fairly sizable quantities of imports, are helping to meet the net load ramp. This suggests that other strategies, such as the proposal made in this stakeholder initiative to allow flexible capacity from 15-minute intertie resources, should be considered. On the other hand, the fact that daily ramps are met with a large quantity of imports may indicate that energy market signals are incenting the resources needed to meet daily net load ramps.



Additionally, EFC criteria should be designed in a way that makes procurement feasible for LSEs and should not result in double procurement when considered in conjunction with local capacity requirements. The resources meeting the proposed 4.5 hour criteria skew to the north, and it appears that there may be inadequate resources in other areas.

<sup>1</sup> This graph is from CAISO’s Renewables Watch for May 13, 2017, available at <http://www.aiso.com/market/Pages/ReportsBulletins/DailyRenewablesWatch.aspx>.

2. Category 3 flexible capacity resources must be available seven day per week

**Comments:**

The only Category 3 resource currently on the EFC list is a 20 MW battery. Therefore, this proposal will not likely help to meaningfully address large weekend ramps.

**Future considerations**

The ISO identified the following six objectives for long-term RA enhancements:

- 1) Provide for the efficient retention and retirement of resources needed to maintain reliable grid operations by aligning resource adequacy requirements with operational needs;
- 2) Simplify RA procurement and showing processes through alignment with system and local capacity provisions;
- 3) Enhance requirements to more closely differentiate particular resource attributes of flexible capacity needed to maintain operational reliability and achieve state policies;
- 4) Align long-term planning and annual RA processes to ensure the long-term planning objectives and assumptions are properly reflected through RA procurement and vice versa;
- 5) Provide opportunities for internal and external resources to qualify to supply flexible capacity if they are able meet the specified requirements; and
- 6) Solutions should be scalable regardless of number of LSEs or size of LSEs

Please provide comments, as appropriate, on these objectives.

**Comments:**

Energy Division staff have no comment on the objectives at this time, but encourage the CAISO to work to define the durable product, even if it stays as is or is removed, so that forward contracting can occur.

**Other**

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

**Comments:**

Energy Division staff encourage CAISO to complete and publish the flexible capacity studies for 2019 and 2020, as this will provide valuable information on how the net load is expected to change over the next several years.

Energy Division also encourages CAISO to release its proposed EFC list based on its revised criteria so that stakeholders are able to assess how CAISO's proposed revisions would affect LSE positions and contracting needs.

Finally, Energy Division staff supports focusing efforts on development of a reliable durable product. The product should address clearly defined problems and connect needed resources to ISO market products. The product must be aligned with existing TACs, resources, and local requirements to allow for optimized procurement at a reasonable cost.