

Comments of the Staff of the California Public Utilities Commission on the California Independent System Operator's (CAISO's) Reliability Services Initiative – Phase 2: Straw Proposal

Submitted by	Company	Date Submitted
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The Staff of the California Public Utilities Commission (CPUC Staff) appreciate the opportunity to comment on the CAISO's "Reliability Services Initiative – Phase 2: Straw Proposal" issued on August 19, 2015 as well as CAISO's presentation made to stakeholders on August 25, 2015. The CPUC Staff have the following comments:

- As a preliminary matter, the CPUC Staff appreciate the opportunity to work to make the Resource Adequacy (RA) process more efficient and streamlined and, as we have indicated previously and in the workshop, we believe that an important first step in this collaborative process is to provide the CPUC access to the CAISO's automated CIRA (Customer Interface for Resource Adequacy) system. We believe that this would streamline our compliance process and allow for more collaborative coordination.
- In its straw proposal, the CAISO proposes providing a standardized template to all Local Regulatory Agencies (LRAs) to provide necessary information about the LRA's RA program needed to validate an Load Serving Entity's (LSE's) showing.¹ The CAISO also states, in the LRA and LSE interactions and process alignment section, that it "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."² As we have stated in the past, we are concerned about the CAISO "validating" an LSE's showing or determining whether an LSE is "in compliance" with CPUC requirements. It is CPUC Staff's position that only the CPUC can provide assurance to its LSEs that they have met our requirements. CPUC Staff is concerned that this duplication of effort could lead to some confusion for both CPUC jurisdictional LSEs and for the CPUC's RA compliance enforcement staff.
- The CAISO has proposed that it "will establish September 1 as a deadline to receive this data or the ISO will apply its default RA provisions" and that it will "provide LRAs a standardized template for the annual and monthly RA showings that will specify the information needed regarding an LRA's RA program." As a preliminary matter, our current deadline for providing

¹ Reliability Requirements Phase 2 Straw Proposal, August 19, 2015 at p. 4.

² Reliability Requirements Phase 2 Straw Proposal, August 19, 2015 at p. 8.

allocations to the LSEs is September 18, so this timeframe is unrealistic. Moreover, deadlines for the CPUC's RA program are set in the CPUC proceeding and the CPUC Staff object to any provision in the CAISO's tariff or business practice manual that binds the CPUC to a schedule other than its own, as determined in the RA proceeding. Finally, a requirement to put the compliance information into the CAISO's standardized template could be burdensome, especially given that the CAISO has not established sufficient grounds for these changes to our current process.

- CPUC Staff reiterate its request that seasonal requirements be considered in this proceeding. It is unclear to CPUC Staff why, for example, conducting a study for the winter month with the highest load would not be a worthwhile exercise and provide valuable information regarding the local need during this time, even if revised requirements are not adopted. CAISO has indicated that seasonal requirements "falls within the scope of the ISO's annual local capacity requirement study process," but it seems unlikely that the issue of seasonal requirements would seriously be considered in this study process.
- The CPUC Staff request additional information on CAISO's proposal to use reported use-limitations to determine flexible capacity categories. In its proposal, CAISO states that it will use the use-limitation data to "determine whether a resource qualifies to provide Base, Peak, or Super-Peak flexible capacity." The CAISO uses an example of a resource limited to 15 starts per month and indicates that such a resource should be considered only a super-peak resource. The CPUC Staff is concerned that defining categories in this manner could be overly restrictive and may have unintended consequences that result in higher costs for consumers.