

## **Reliability Services Initiative – Phase 2 Second Revised Tariff**

### **Comments by Department of Market Monitoring April 18, 2017**

The Department of Market Monitoring (DMM) appreciates this opportunity to comment on the Reliability Services – Phase 2: Second Revised Tariff language.

DMM supports revisions to section 40.2.2.4 clarifying that both annual and monthly resource adequacy plans “must identify a quantity of Listed Local RA Capacity that, at a minimum, meets the quantity of Local Capacity Area Resources allocated to the Load Serving Entity under Section 40.3”. DMM further supports revisions to tariff section 40.7 clarifying that compliance with local resource adequacy requirements will include a second phase which will “consider capacity to be a Local Capacity Area Resource only if it is also Listed Local RA Capacity”.

Although the tariff revisions include the requirement that listed local resource adequacy capacity be sufficient to meet local resource adequacy requirements, no consequences for violating the requirement are specified. DMM recommends that tariff revisions include a specific and appropriate consequence for failing to list sufficient listed local capacity, rather than relying on a generic tariff violation penalty.

Violations of the existing local resource adequacy sufficiency test can trigger a capacity procurement designation under tariff section 43A.2.1. DMM therefore recommends that the ISO consider revising section 43A.2.1 to include assessment of listed local capacity rather than all capacity physically located in local capacity areas. Doing so would provide a specific and appropriate penalty for violation of the listed local capacity requirement. These revisions would also address reliability concerns that insufficient local capacity would be available in real-time if resources physically located in a local area but procured as system resources are replaced with system resources located elsewhere.