

# Comments on Resource Adequacy Modeling and Program Design

## Track 1 Modeling – Draft Inputs and Assumptions

Department of Market Monitoring

November 5, 2024

The Department of Market Monitoring (DMM) appreciates the opportunity to comment on the *Resource Adequacy Modeling and Program Design Track 1 Modeling – Draft Inputs and Assumptions* dated October 8, 2024.<sup>1</sup> DMM supports the developments and stakeholder engagement in the working group process, and recommends the ISO continue to improve their modeling, and utilize it to update default values to increase market efficiency and equity.

DMM supports the modeling effort, and the effort to update default planning reserve margins (PRM) and resource counting rules. The modeling effort should increase the efficiency and equity of the CAISO market through creation of more appropriate default standards. Adoption of the ISO's updated defaults by Local Regulatory Authorities (LRAs) would improve consistency of standards across LRAs. Historically, there have been differences in the PRM across LRAs that could result in some load serving entities (LSEs) essentially leaning on all other LSEs. This modeling and default values effort will help to reduce this impact across the CAISO system. DMM understands this effort may also result in a process that could be used in future backstop procurement cost allocation. Regardless of modeling results, having a vetted process in place that could support future backstop cost allocation, as well as a default planning reserve margin and default resource accounting, provides for greater transparency moving forward.

DMM understands there are some modeling improvements, such as default outage rates, that are known to be required to ensure an accurate representation of the system. DMM awaits updates on these improvements at the forthcoming workshop. Furthermore, DMM recommends the ISO consider the interdependencies of unforced capacity (UCAP), outage substitution, the resource adequacy availability incentive mechanism (RAAIM), and capacity procurement mechanism (CPM) as the ISO determines default values for the system. These interrelated policies are important as additional inputs and assumptions to the modeling effort, and should be considered in the timing of the forthcoming policy track and setting default values for the market.

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<sup>1</sup> *Resource Adequacy Working Group: Revised Discussion Paper & Final Recommendation Plan*, CAISO, July 26, 2024: <https://stakeholdercenter.caiso.com/InitiativeDocuments/Revised-Discussion-Paper-and-Final-Recommendation-Plan-Resource-Adequacy-Modeling-and-Program-Design-Working-Group-Jul-26-2024.pdf>