



Flexible Resource Adequacy Criteria – Must Offer Obligation 4th Revised Straw Proposal

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Iberdrola Renewables appreciates the opportunity to provide comments on the California ISO's Flexible Resource Adequacy Criteria – Must Offer Obligation 4th Revised Straw Proposal.

Flexible Capacity Allocation Methodology

Iberdrola Renewables supports the CAISO proposal to allocate monthly flexible capacity procurement requirements to each Local Regulatory Authority in proportion to their jurisdictional Load-serving Entities' contribution to the 3-hour net-load ramp. The CAISO's proposal builds upon the existing generic and local Resource Adequacy framework – a necessary foundation in light of the aggressive schedule under which the CAISO seeks to develop and implement the FRACMOO proposal. PG&E's alternative proposal to allocate flexible resource adequacy requirements to the Scheduling Coordinators of renewable generators is misguided and should not be adopted. PG&E argues this alternative is designed to eliminate risk of free ridership from variable generation output not sold under contract to an LSE subject to the FRACMOO proposal. Few merchant variable generation resources are operated in the California market and PG&E's proposal will impose additional costs onto renewable resources. This proposal would also add significant complexity and would inevitably result in contractual disputes, potentially prompting controversial "grandfathering" arguments from some renewable developers with existing long-term PPAs. Iberdrola Renewables supports further exploration of a separate mechanism to address flexibility requirements imposed on the CASISO system from merchant generators (the alternative approach raised at the stakeholder meeting on November 13th) to address the potential free ridership problem if analysis demonstrates this issue is significant.

Iberdrola Renewables also supports the CAISO's proposal to factor the CAISO's balancing obligation associated with the LSE's renewable contracts into the overall flexible resource adequacy requirements and allocation. This approach will help to ensure renewable imports – which pose no incremental intra-hour ramping or balancing burden on the CAISO – receive proper credit relative to renewable contracts within the CAISO footprint.

Wind Unavailability Threshold

Under the CAISO's current proposal, wind generators selling flexible resource adequacy capacity bear consider financial risk associated with availability. Wind's variable nature will result in limited hours of unavailability during the flexible resource adequacy must offer hours of 5:00 a.m. to 10:00 p.m. To better accommodate the natural limitations of a variable, renewable wind resource, Iberdrola Renewables recommends the CAISO implement a 10% monthly unavailability threshold where wind generators will not be penalized if the wind forecast is flat and the resulting economic bid is less than the obligated quantity. Adopting this threshold will achieve the CAISO's stated goal of enabling renewable generators to contribute to the flexibility solution without unduly penalizing them for operational characteristics outside of their control. This defined threshold will improve the CAISO's ability to plan for reliable operation and wind's reduced contribution can be appropriately valued in the bi-lateral flexible resource adequacy market.