

LSA Comments on Phase 2 FRAC-MOO Working Group Meeting

Submitted by	Company	Date Submitted
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The Large-scale Solar Association (“LSA”) appreciates the opportunity to participate and provide feedback on this next phase of development of the Flexible Resource Adequacy and Must Offer Obligations (“FRAC-MOO 2”). LSA supports CAISO’s goals to harness the existing flexibility on the grid and ensure the necessary resources are available to meet its current and projected ramping needs. However, LSA shares concerns expressed by other stakeholders that it is not yet clear that the problem statement for this next phase has been adequately framed to account for current inefficiencies in the markets, incorporate how changes in the real-time markets and demand may impact future resource adequacy needs, whether there are potentially less complex and less costly avenues that may achieve the same results. LSA recommends that the development of this next phase of FRAC-MOO address the following:

1. Expand the Problem Statement.

LSA understands CAISO is concerned about meeting expanded ramping needs however the current and proposed framework relies on the concept of the net load (focused on solar and wind’s participation in the market) and ignores the behavior of other resources. Greater transparency and attention is needed to how the entire stack of resources are operating and participating in the market. LSA posits that if CAISO had greater control over the resources currently on the system it would likely design a far less complex flexibility requirement. Here we note our support for greater participation by all resources in the CAISO markets but are concerned that the proposed new requirements either: a) may not be necessary given the other real-time market refinements underway or b) could unfairly be attributed to solar or wind even though they are largely being economically bid and the lack of control over other resources is a long-standing and complex issue with multiple drivers.

For example, LSA supports including imports in the FRAC-MOO requirement but would like to see incorporated into the analysis how and whether the proposed framework will be effective in ensuring that the CAISO has greater control over imports and what other measures may be needed to address the issue of increased self-scheduling of imports. Part of LSA’s concern here is that there appears to be a reliance on designing resource adequacy requirements on projected needs based on long-term studies without connecting the proposals to a full analysis of what is actually occurring on the grid.

Given these multiple moving pieces, LSA strongly recommends the CAISO further develop the framing of expected needs to incorporate a fuller analysis of negative pricing events and existing self-scheduling behavior to ensure both proper planning and fair attribution of shifting needs. In addition, LSA recommends that the expanded problem statement also include an evaluation of how shifts in demand, including vehicle electrification may alter projected ramping needs.

2. Evaluate the Existing Requirement

LSA recommends that an evaluation of the existing FRAC-MOO requirement be undertaken prior proposing additional requirements. As part of this process, it would be helpful for the CAISO to address the following specific questions:

- a) Do the resources in the existing program have the downward ramping attributes CAISO is projecting it needs? If they do, is the new requirement likely to change what is being contracted?
- b) What role does the CAISO expect the Flexi-Ramp Product to have on downward ramping capabilities? Will this product be insufficient to meet the projected needs when combined with the existing FRAC-MOO requirement?
- c) Are the resources in the FRAC-MOO participating as expected? If not, why not?
- d) Does the existing requirement take full advantage of the capabilities of storage, demand response and renewable resources? Here CAISO should evaluate the participation of zero-emission resources with an eye toward a more inclusive framework that sends clearer market signals regarding the value of the flexible attributes of these resources.

3. Connect the Multiple Efforts CAISO is Undertaking to Modernize the Grid.

LSA appreciates that CAISO is taking a multi-faceted approach to modernizing the grid and ensuring it meets its reliability obligations. What is not clear to LSA is how these efforts are connected and what results and improvements have either been observed or are expected from them (see question related to Flexi-ramp above). An overview of the CAISO's concurrent efforts on this front would be particularly helpful as they could well impact forward procurement requirements and overall costs. For example, improvements to how solar and wind forecasts are incorporated and utilized in the day ahead market should lead to more accurate scheduling, alleviate some negative pricing events and the possibility of an over-generation situation. Notably absent from discussions thus far is a full analysis of what has driven the handful of negative pricing events in the last year and what can be learned from them. CAISO may still find that after this information is incorporated, refinements to the FRAC-MOO are necessary to ensure adequate ramping capability but it would do so with more complete rationale for the proposed changes.