

Stakeholder Comments Template

Flexible Resource Adequacy Criteria and Must Offer Obligation - Phase 2 Straw Proposal

Submitted by	Company	Date Submitted
Sandeep Arora	LS Power Development, LLC	1/7/16

This template has been created for submission of stakeholder comments on the straw proposal for the Flexible Resource Adequacy Criteria and Must Offer Obligation - Phase 2 that was posted on December 11, 2015. The straw proposal and other information related to this initiative may be found at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/FlexibleResourceAdequacyCriteria-MustOfferObligations.aspx>.

Upon completion of this template, please submit it to initiativecomments@caiso.com. Submissions are requested by close of business on **January 6, 2016**.

If you are interested in providing written comments, please organize your comments into one or more of the categories listed below.

1. Provision of flexible capacity by import or export resources,

Relying on import or export resources could pose serious challenges in real time, if the intertie transmission path behind the resource is congested. CAISO has historically been a “net” importer in WECC, which often causes congestion issues at the import intertie lines. If CAISO relies on a Resource Specific System Resource for meeting Flex Up needs, there is a risk that CAISO may not be able to use this in real time if the intertie path is congested. We recommend that CAISO conduct a study to analyze the effectiveness of this proposal first, similar to CAISO’s proposal to conduct a study for local area storage resources.

2. Flexible capacity from pumped-storage hydro model

3. Merchant Variable Energy Resources

4. Allocating negative contributions to flexible capacity requirements

5. Resource adequacy showing requirements for small LSEs

6. Other.

LS Power hereby recommends CAISO to reconsider its decision to not develop a Flexible Capacity Down product. CAISO's study work done under the CPUC LTPP framework shows significant oversupply issues which will presumably get much worse as California marches towards its 50% renewable goals. Oversupply will undoubtedly lead to renewable curtailments, which is not only a huge policy issue but it has significant economic impacts. More renewable curtailments will only trigger more renewable additions to meet the same RPS goals. Absent a Flexible Capacity Down product, it's hard to understand how CAISO will manage the huge oversupply issues. CAISO's proposed market based enhancements will surely incent more resources to economically resolve some of these oversupply issues, but absent any Must Offer Obligations, that come with a Flexible Capacity Down product, the availability of 'oversupply issue solution' can't be counted on. We understand that the oversupply issue is currently being viewed as only an Economic Issue, but we would like CAISO to reconsider and evaluate the impact to renewable and GHG policy goals and the potential reliability impacts over-generation and reliance on renewable curtailment can have in terms of NERC/WECC standard violation risk that this issue poses.

LS Power thanks CAISO for the opportunity to submit these comments.