



Stakeholder Comments Template

Resource Adequacy Enhancements – Straw Proposal Part 1

This template has been created for submission of stakeholder comments on Resource Adequacy Enhancements Straw Proposal Part 1 that was published on December 20, 2018. The Straw Proposal Part 1, Stakeholder meeting presentation, and other information related to this initiative may be found on the initiative webpage at: <http://www.caiso.com/informed/Pages/StakeholderProcesses/ResourceAdequacyEnhancements.aspx>

Upon completion of this template, please submit it to initiativecomments@caiso.com.

Submitted by	Organization	Date Submitted
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Submissions are requested by close of business on February 6, 2019.

Please provide your organization’s comments on the following issues and questions.

1. Rules for Import RA

Please provide your organization’s feedback on the Rules for Import RA topic. Please explain your rationale and include examples if applicable.

Response to 1: The California Independent System Operator Corporation (“CAISO”) has demonstrated that rule changes are necessary to the import RA construct in order to maintain system reliability. Specifically, the CAISO has concerns that there is system reliability risk if there is not a physical resource supporting the import RA product. Middle River Power (“MRP”) therefore strongly supports the CAISO proactively addressing any risks to reliability by increasing the requirements on import RA such that they demonstrate physical supply is behind each RA contract. It is entirely possible that resources outside the CAISO are being double counted by multiple BAAs and that during WECC-wide emergency conditions that imports will not be as available. Further, several planned facility shutdowns across the west may exacerbate these conditions. The CAISO should prioritize setting up a process during the month-ahead RA showing that validates that physical resources exist to support import RA showings.

Similarly, the CAISO has demonstrated a need for a 15-minute, real-time, and 24/7 must-offer obligations. The increase in renewable energy has caused a significant amount of uncertainty between day-ahead and real-time, as well as unexpected needs across the day. The CAISO must

be able to balance the grid using RA resources only and this is made significantly harder by real-time block hourly bidding or even worse, non-availability, from RA imports. Internal generators also have a tariff requirement to offer 24/7 if available and are not able to submit block hourly bids in real-time, and therefore this proposal would bring imports on par with internal RA resources.

2. RAIM Enhancements & Outage Rules

- a. Please provide your organization's feedback on the Addressing Planned and Forced Outage Issue topic. Please explain your rationale and include examples if applicable.

Response to 2a: MRP believes a high priority of this initiative should be to fix the planned outage process. While MRP appreciates many of the changes made to the CAISO RA construct that date back to Phase 1 of Reliability Services (RS) proposal, this one aspect appears to need further work. As MRP understands it, the CAISO at T-25 runs an outage impact report using the 1 in 10 CEC forecast and by T-22 assigns any planned outage substation requirements to suppliers. Page 90 of the original RS [proposal](#) shows this timeline. Suppliers then have until T-8 to provide the needed substitution.

In practice, MRP is finding that the amount of required planned outage substitution is changing every day ***until the end of planned outage***. This is impossible to plan for and extremely costly to purchase capacity at the last minute – if it is even available. Planned outages are necessary to maintain reliability and it is challenging to find substitution at T-22 and impossible when the amounts needed seem to change daily.

MRP asks that the CAISO explore whether the current process is aligned with the tariff, BPM, and original proposal's intent and further evaluate how the planned outage process can work better for both the CAISO and suppliers. MRP believes this close evaluation is needed prior to moving forward with either Planned Outage Bookend and therefore MRP does not support either a planned outage market or a prohibition on showing RA that has a planned outage that month.

- b. Please provide your organization's feedback on the RAIM Enhancements topic. Please explain your rationale and include examples if applicable.

Response to 2b: MRP does not support the CAISO's proposal for new NQC counting rules. The CAISO states on page 35 of their January 23 [presentation](#) that "NQC counting rules that consider forced outages should ensure resources are available as much as possible," MRP notes the tariff must-offer requirement and RAIM are already working well to incent resource availability. The CAISO also stated that the proposal would reduce outage complexity, but the CAISO proposes to add an entirely new performance trigger and multiple prices for local, flexible, and system capacity along with the new NQC counting rules. MRP believes the net impact would be about the same amount of complexity from the CAISO perspective.

What MRP notes is missing from the CAISO's decision to propose changes to the NQC is the significant impacted this would have on the RA market. Every single contract would be impacted and a vast number of these would have to be renegotiated. Companies' projected revenues,

ability to finance future projects, and RA sales strategy would all face changes. MRP understands that the CAISO is constantly changing policy and rules may change. That said, a change of this magnitude should only be considered if the CAISO has demonstrated to itself (and stakeholders) that there is an unambiguous need for such a change. At this point, the CAISO has not shown a need, let alone that the benefits would outweigh the significant costs to market participants.

- i. Please provide your organization's feedback on the Availability & Performance Assessment Triggers options presented in the proposal.

Response to 2b(i): The CAISO made modifications to the RAAIM process last year. Since these changes were made, MRP finds RAAIM to be working well and to be a reasonable way to incent offers into the CAISO day-ahead and real-time markets. MRP tracks potential RAAIM penalties and payments closely and notes that since the original implementation of RAAIM MRP has observed plant managers have become more diligent about potential forced outages and finding substitute RA when a forced outage occurs. MRP asks for additional information on why the CAISO is proposing to change what seems to be working well.¹ Without any documentation of the need to move away from RAAIM, MRP does not support the Performance Assessment proposal or the triggers.

3. Local Capacity Assessments with Availability-Limited Resources

Please provide your organization's feedback on the Local Capacity Assessments with Availability-Limited Resources topic. Please explain your rationale and include examples if applicable.

Response to 3: MRP supports the CAISO doing Local Capacity Assessments to ensure availability-limited resources are not compromising reliability. While it does not appear that there is a significant amount of availability-limited capacity, it is reasonable to begin this Assessment as increasing amounts of storage are energized in the upcoming years.

4. Meeting Local Capacity Needs with Slow Demand Response

Please provide your organization's feedback on the Meeting Local Capacity Needs with Slow Demand Response topic. Please explain your rationale and include examples if applicable.

Response to 4: MRP has not been following this topic closely at the CPUC and appreciate the CAISO reviewing the proposal from a high level during the January 23 call. The proposal appears to be a reasonable compromise between ensuring reliability and allowing demand response to count toward local requirements. MRP supports the CAISO's Slow DR proposal.

Additional comments

¹ Department of Market Monitoring 2017 Annual report notes on page 299 that most of the unavailability is from wind, solar, QFs, and other non-dispatchable resources that have little control over their ability to meet their NQC.

Please offer any other feedback your organization would like to provide on the RA Enhancements Straw Proposal Part 1.

Additional Comments: MRP appreciates the CAISO considering RA changes holistically and understands it is a significant lift to put forth proposals on such interlocking topics. MRP continues to support the initiative overall scope and proposed timeline. Thank you for your consideration of MRP's comments.