Submitted by	Company	Date Submitted
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Introduction

Comments:

Middle River Power, LLC ("MRP") is the asset manager for both MRP's 830 MW High Desert Power Project ("HDPP") and 270 MW Coso Geothermal ("Coso") as well as other assets across the US. HDPP is located adjacent to Southern California Logistics Airport (formerly George Air Force Base) in Victorville, California. Coso is located on the China Lake Naval Air Weapons Station in Inyo County, California. MRP is pleased to have this opportunity to submit comments regarding the November 29, 2017 Flexible Resource Adequacy Criteria and Must Offer Obligation Stakeholder Meeting.

MRP supports the development of a Flexible Capacity Framework that encourages a transparent Flexible Capacity Framework which accounts for orderly retirement and continued renewable penetration while meeting overall operation needs. MRP is concerned that this current CAISO proposal does not send the proper market signals to retain viable facilities to support RA requirements. Certainty of revenue is required assure facilities can operate to sustain CA's RA requirements. Timing is of the essence to design and implement a Flexible Capacity Framework that appropriately addresses behind the meter resources and includes stakeholders to assist in the design phase. CAISO's recent recommendation does not fully address critical stakeholder ideas identified in prior comments.

Identification of ramping and uncertainty needs

The ISO has identified two drivers of flexible capacity needs: General Ramping needs and uncertainty. The ISO also demonstrated how these drivers related to operational needs.

Comments:

[MRP is supportive of CAISO's acknowledgement of the need for both **predictable** and **unpredictable** flexible capacity. MRP is not clear on the need for three separate flexible Resource Adequacy products however.

Quantification of the flexible capacity needs

The ISO has provided data regarding observed levels of uncertainty, in addition to previous discussion of net load ramps.

Comments:

MRP supports CAISO's identified drivers of flexible capacity needs and suggests that the best way to address these drivers quickly is to incorporate a very minor change into California's Resource Adequacy existing planning cycle related to the methodology used for calculating the Net Qualifying Capacity ("NQC") value of Behind-the-Meter ("BTM") solar and other distributed resources relative to their effective load carrying capacity ("ELCC"). Future Resource Adequacy forecasting must address the ELCC of all distributed resources to the market's peak load, as well any appropriate weather-related impacts. Planning forecast reform that addresses BTM Solar PV and other distributed resources can be easily and immediately implemented by the CEC, CPUC and CAISO.

Further, MRP suggests the day ahead procurement requirement should set an appropriate quantified base for RA to allow for effective utilization of real time procurements.

Eligibility criteria and must offer obligations

The ISO has outlined the need for three different flexible RA products: Day-ahead load shaping, a 15-minute product, and a 5-minute product. Additionally, the ISO has identified a preliminary list of resources characteristics and attributes that could be considered for resource eligibility to provide each product. Additionally, the ISO is considering new counting rules for VERs that are willing to bid into the ISO markets.

Comment:

MRP would like to see more empirical evidence that CAISO needs and can differentiate the difference between a 5 minute and 15 minute product from a capacity perspective versus and ancillary service market product. MRP feels all "capacity" products, especially flexible Resource Adequacy, need to be subject to the same rules, must offer obligations and Resource Adequacy Availability Incentive Mechanism (RAAIM) charges and generally be located within California. Supply resources located outside of California do not provide the same level of reliability and resiliency as those located within California nor would they be subject to the same requirements and rules.

Equitable allocation of flexible capacity needs

Equitable allocation of flexible capacity needs is a critical element of a new flexible RA framework. The ISO seeks comments on potential allocation methodologies.

Comments:

No Comments.

Other

Please provide and comments not addressed above, including any comments on process or scope of the FRACMOO2 initiative, here.

Comments:

MRP supports CAISO's identified drivers of flexible capacity needs which address "General Ramping needs and uncertainty". MRP urges CAISO to work with the CPUC and CEC to improve the methodology used for calculating the NQC of BTM solar and other distributed resources relative to their ELCC.

MRP feels all "capacity" products, especially flexible Resource Adequacy, need to be subject to the same rules, must offer obligations and Resource Adequacy Availability Incentive Mechanism (RAAIM) charges and generally be located within California.

MRP feels that time is of the essence and urges CAISO seek adoption of solutions that can be implemented immediately. To that end, planning forecast adjustments that addresses BTM Solar PV and other distributed resources can be easily and immediately implemented by the CEC, CPUC and CAISO in the short-term to address CAISO's identified uncertainty between the day-ahead and real-time markets.

In addition, MRP strongly recommends a thorough and thoughtful review of a long-term Resource Adequacy procurement mechanism. To ensure revenue adequacy and stability to maintain the fleet of flexible, reliable resources CAISO has identified as critical for market function, the CAISO must address the viability of the capacity market. Furthermore, as the universe of LSEs becomes increasingly disaggregated, and capacity procurement remains opaque among market participants, the existing Resource Adequacy process will become untenable, causing premature, uneconomic retirement of necessary flexible resources. The future long-term Resource Adequacy solution must also address the issues introduced by the continued penetration of intermittent generation – as September 1, 2017 demonstrated, these generation sources cannot be counted on to contribute meaningfully to the net peak load on the CAISO system. Going forward, a viable long-term capacity market solution must sufficiently compensate the resources required to meet these net peak loads, while appropriately allocating the costs associated with maintaining these assets to an ever-wider pool of LSEs.

We thank CAISO for the opportunity to submit comments in this Stakeholder Process and urge the CAISO to address key modifications addressed by several stakeholders prior to moving forward with the currently drafted program.