



Stakeholder Comments Template

Resource Adequacy Revised Straw Proposal

This template has been created for submission of stakeholder comments on the *Resource Adequacy Revised Straw Proposal* that was published on July 1, 2019. The proposal, 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. Submissions are requested by close of business on July 24.

Submitted by	Organization	Date Submitted
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Please provide your organization's comments on the following issues and questions. Please explain your rationale and include examples if applicable.

1. System Resource Adequacy

- Please provide your organization's feedback on the *Determining System RA Requirements* as described in *Section 5.1.1*.

- Please provide your organization's feedback on the *Forced Outage Rates and RA Capacity Counting* as described in *Section 5.1.2*.

- Please provide your organization’s feedback on the *System RA Showings and Sufficiency Testing* as described in *Section 5.1.3*.
- Please provide your organization’s feedback on the *Must Offer Obligation and Bid Insertion Modifications* as described in *Section 5.1.4*.
- Please provide your organization’s feedback on the *Planned Outage Process Enhancements* as described in *Section 5.1.5*.
- **Please provide your organization’s feedback on the *RA Import Provisions* as described as described in *Section 5.1.6*.**

MSCG reiterates its position that requiring an advance designation of the source Balancing Area (“Source BA”) for RA imports will not necessarily improve reliability. During the stakeholder call on July 9, Calpine brought forward the example of a single unit BA (Hermiston/GRID BA) to demonstrate the restrictive consequences of the proposed rule change. If CAISO requires a Source BA to be listed in the T-45 showings, it is imperative that CAISO allow substitution in the spot market if a more efficient firm resource is able to serve the RA commitment come time for delivery. If the rule is too restrictive, there could be the unintended consequence of reducing liquidity for import RA products.

As the CAISO is aware, the CPUC recently initiated its own stakeholder comment process “Assigned Commissioner’s Ruling Seeking Comment on Clarification to Resource Adequacy Import Rules” (the CPUC Process”). Below, MSCG reiterates the points made in its filing on July 19, 2019 in the CPUC Process with respect to the use of firm transmission for RA imports.

The CAISO should not require firm transmission from source to sink for RA imports. Requiring firm transmission capacity would (by definition) limit the available pool of suppliers to only those who hold firm transmission. The number of potential suppliers holding firm transmission across multiple transmission legs and potential transmission providers from source to sink is

limited, as opposed to the pool of suppliers with a mix of both firm and non-firm rights. In each case, however, a supplier can provide a firm energy product that utilizes multiple transmission options—including capacity released by firm transmission holders. Limiting RA to only parties holding firm transmission capacity would unnecessarily restrict the number of RA suppliers and, in turn, result in higher RA prices and less overall reliability.

Firm transmission capacity is not required when parties are selling under contracts like the EEI firm liquidated damages product or the WSPP Schedule C agreement, because these contracts themselves constitute resources that are sufficiently firm. MSCG, for example, sells under WSPP Schedule C (“Firm Capacity/Energy Sale or Exchange Service”), which means it is selling firm capacity or a firm commitment of capacity resources.

MSCG, or any party to such a contract, has an obligation to deliver under the contract and if it does not deliver, liquidated damages must be paid to make the buyer whole. FERC has found this type of resource to be sufficiently firm and has not required suppliers to show the upstream transmission. See 121 FERC ¶ 61,297 at P 822, 832-34 (2007) (“Order No. 890-A”) (finding that the “make whole” LD provisions in the EEI firm LD product and the WSPP Schedule C agreement are sufficiently firm to be eligible for designation as a network resource). MSCG has a large, diverse portfolio of generating resources under contract as well as firm transmission capacity in WECC, all of which are used to supply RA to California.

Pursuant to FERC’s Order 890 and 890-A, FERC has determined that (i) both specific unit contingent resources or market-supply contracts are acceptable forms of Resource Designation for serving network load and additionally, and (ii) market-supply contracts need not be sourced from a single balancing authority.

It is economically efficient to be able to provide energy from a substitute resource in real-time if the original RA resource is uneconomic to run. Requiring firm transmission from source to sink will needlessly limit the pool of available resources that can provide this energy because firm transmission may not be able to be redirected on a firm basis to this new resource, even though sufficient transmission capacity is available. In fact, a single remote resource that requires multiple transmission legs to deliver the power is inherently less reliable than a portfolio of resources regardless of the firmness of the transmission.

As previously provided in its April comments to the CAISO, MSCG is in favour of specifying the firmness of the import energy however, requiring firm transmission reservations to backstop import RA products requires further study by the CAISO (and/or the CPUC) (i) to ensure liquidity is not hampered, (ii) so that potential seams issues are understood and addressed and (iii) to address locations where generation is sourced at a hub where no additional transmission is required to access the CAISO market (ie: Palo Verde).

As pointed out by Calpine's Hermiston/GRID BA example, it is imperative that if CAISO requires a source BA to be listed in the T-45 showings that CAISO allows for substitution in the spot market for either economics or an outage. This provision increases the reliability of the import RA product.

As some commenters and CAISO pointed out in a previous stakeholder call, there are recent changes coming for intertie deviation settlements and this separate stakeholder initiative should help address issues around undelivered import RA products.

- **Please provide your organization's feedback on the *Maximum Import Capability Provisions* as described in *Section 5.1.7*.**

In summary, please provide your organization's position on System Resource Adequacy (Section 5.1). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

2. Flexible Resource Adequacy

- Please provide your organization's feedback on the *Identifying Flexible Capacity Needs and Requirements* as described in *Section 5.2.1*.

- Please provide your organization's feedback on the *Identifying Flexible RA Requirements* as described in *Section 5.2.2*.

- Please provide your organization's feedback on the *Setting Flex RA Requirements* as described in *Section 5.2.3*.
- Please provide your organization's feedback on the *Establishing Flexible RA Counting Rules: Effective Flexible Capacity Values and Eligibility* as described in *Section 5.2.4*.
- Please provide your organization's feedback on the *Flexible RA Allocations, Showings, and Sufficiency Tests* as described in *Section 5.2.5*.
- Please provide your organization's feedback on the *Flexible RA Must Offer Obligation Modifications* as described in *Section 5.2.6*.

In summary, please provide your organization's position on Flexible Resource Adequacy (Section 5.2). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

3. Local Resource Adequacy

- Please provide your organization's feedback on the *Local Capacity Assessments with Availability Limited Resources* as described in *Section 5.3.1*.
- Please provide your organization's feedback on the *Meeting Local Capacity Needs with Slow Demand Response* as described in *Section 5.3.2*.

In summary, please provide your organization's position on Local Resource Adequacy (Section 5.3). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

4. Backstop Capacity Procurement Provisions

- Please provide your organization's feedback on the *Capacity Procurement Mechanism Modifications* as described in *Section 5.4.1*.

- Please provide your organization's feedback on the *Reliability Must-Run Modifications* as described in *Section 5.4.2*.

- Please provide your organization's feedback on the *UCAP Deficiency Tool* as described in *Section 5.4.3*.

In summary, please provide your organization's position on Backstop Capacity Procurement Provisions (Section 5.4). (Please indicate Support, Support with caveats, Oppose, or Oppose with caveats)

Additional comments

Please offer any other feedback your organization would like to provide on the Resource Adequacy Revised Straw Proposal.

