

Stakeholder Comments Template

Submitted by	Company	Date Submitted
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Please use this template to provide your comments on the FRACMOO Phase 2 stakeholder initiative Draft Framework Proposal posted on May 1, 2017.

Submit comments to InitiativeComments@CAISO.com

Comments are due December 13, 2017 by 5:00pm

The Draft Framework Proposal posted on November 20, 2017 and the presentation discussed during the November 29, 2017 stakeholder web conference may be found on the [FRACMOO](#) webpage.

Please provide your comments on the Draft Framework Proposal topics listed below and any additional comments you wish to provide using this template.

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:

No comments

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:

National Grid appreciates the opportunity to comment on the CAISO's Draft Flexible Capacity Framework. As noted in previous comments, National Grid believes pumped storage hydro could have significant value as a potential source of flexible resource adequacy (RA).

National Grid encourages the CAISO to explain how it would dispatch specific resources in practice. The CAISO has proposed three different RA products in order to "align forward procurement with the ISO's actual operational needs and how the ISO commits and dispatches resources through various market runs."¹ The CAISO should explain and illustrate, through examples, how it would deploy the generation resources committed to its load shaping, 15-minute, and 5-minute product buckets during the morning and afternoon ramp. The examples should demonstrate how the CAISO will dispatch 15 minute and 5 minute resources where the amounts and timing of ramping needs are uncertain.

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 resource 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.

Comments:

National Grid agrees that the CAISO's preliminary list of resource characteristics and attributes is a good beginning towards defining the products. The CAISO should establish guidelines for how storage can participate in helping the CAISO meet its flexible ramping needs. While some types of storage must be charged and discharged in discrete cycles, pumped storage hydro can shift rapidly between the two. The CAISO's eligibility criteria and counting rules should reflect the unique characteristics of the different technologies.

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:

¹ Revised Straw Proposal, p. 3.

National Grid has no comments on equitable allocation of the costs of CAISO's flexible capacity needs. As noted below, however, National Grid believes that the CAISO process needs to incent multi-year commitments to owners and developers of flexible generation capacity to ensure efficient development, retention and retirement of those resources.

Other

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

Comments:

The CAISO has stated that its flexible RA framework should achieve the overarching twin goals of; 1) providing signals to help ensure the efficient retention and retirement of existing resources and 2) providing the CAISO with a resource portfolio that meets grid reliability needs in all hours of the year.

National Grid suggests that ensuring the efficient development, retention and retirement of resources needed to meet flexible capacity needs requires a long-term procurement process. Developers considering investment in new flexible resources need long term contracts to justify their investment; project owners considering additional maintenance and upgrades in existing projects must also have some certainty around whether those investments can be recovered. Projects without a long term contract to provide flexibility should be allowed to retire. But the key is a long term procurement strategy. Reliance on a day ahead, monthly, or even annual procurement mechanism (whether through a new organized capacity market or the existing bilateral contract process) will not meet the CAISO's goal of sending price signals to market participants regarding the efficient development, retention and retirement of a fleet of flexible resources. While National Grid agrees that flexible capacity can be designated on a day ahead basis, a significant quantity of the CAISO's flexible capacity needs must be procured on a long term (multi-year) forward basis. If the CAISO decides to move to a short term capacity market to procure flexible capacity it must ensure that the prices in that market are sufficient to support long term investment decisions without longer term commitments.

National Grid also supports the CAISO's efforts to to allow imports to provide flexible RA capacity, which should increase market participation.² The CAISO should consider modifications to the framework to maximize availability of imports for purposes of flexible RA.

² Revised Straw Proposal, p. 3.