

Stakeholder Comments Template

Flexible Resource Adequacy Criteria and Must-Offer Obligation Third Revised Straw Proposal, Posted October 3, 2013

Submitted by	Company	Date Submitted
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This template is for submission of stakeholder comments on the topics listed below, covered in the Flexible Resource Adequacy Criteria and Must-Offer Obligation third revised straw proposal on October 3, 2013, and issues discussed during the stakeholder meeting on October 9, 2013.

Please submit your comments below where indicated. Your comments on any aspect of this initiative are welcome. If you provide a preferred approach for a particular topic, your comments will be most useful if you provide the reasons and business case.

Please submit comments (in MS Word) to fcp@caiso.com no later than the close of business on October 16, 2013.

1. The ISO has outlined a methodology to allocate flexible capacity requirements to LRAs. It is based on one possible measurement of the proportion of the system flexible capacity requirement to each LRA and calculated as the cumulative contribution of the LRA's jurisdictional LSE's contribution to the ISO's largest 3-hour net load ramp each month. Please provide comments regarding the equity and efficiency of the ISO proposed allocation. Specifically, please comment on:
 - a. The ISO's proposal to use an LSE's average contribution to historic daily ISO maximum 3-hour load changes to allocate the Δ load component of the flexible capacity requirement.

[NCPA supports this aspect of the proposal.](#)

- b. The potential of using historic average daily maximum 3-hour net-load ramps or time-of-day system maximum 3-hour load ramps (morning vs. evening ramps).

[No comment.](#)

- c. What other measurement or allocation factor should the ISO consider in determining an LRA's contribution to the change in load component of the flexible capacity requirement?

No comment.

- d. Should the ISO consider seasonal allocations for each component? What would these seasonal allocations look like?

NCPA prefers the monthly determination of the allocation as currently proposed.

- 2. The ISO believes the proposed methodology reflects causation principles. Specific to allocating flexible capacity requirements, what does "causation" mean to your organization and how would this definition be most accurately reflected in a flexible capacity requirements allocation process?

NCPA believes that the ISO's preferred methodology reasonably reflects cost-causation principles.

- 3. What are the appropriate bounds for the maximum and minimum for the error term as well as how to address year-to-year variability? What are the appropriate actions if such bounds are reached?

NCPA supports the current proposal to have a default error factor of 0 for the 2014 RA year. The error factor should be revisited as needed and with stakeholder input if deemed necessary once experience is gained with this product.

- 4. The ISO has proposed must-offer obligations for various types of resources. Please provide comments and recommendations regarding the ISO's proposed must-offer obligations for the following resources types:

- a. Resources not identified as use-limited

If the resource subject to the must-offer obligation submits an economic bid into the day-ahead market and receives an energy schedule for its full flexible capacity range, does the resource still have a requirement to submit an economic "dec bid" in the real-time market? Please clarify in the Final Draft of the proposal.

b. Dispatchable gas-fired use-limited resources

1. Please provide comments regarding the ISO's proposal that would allow resources with use limitations to include the opportunity costs in the resource's default energy bid, start-up cost, and minimum load cost.

NCPA supports this in concept and looks forward to additional details as to how this element of the proposal would be implemented. Much of this information and methodology to account for opportunity costs associated with dispatching natural-gas fired use-limited resources is already established for default energy bids. We suggest that it is appropriate for the methodologies to be the same between the two processes for the sake of consistency, and to avoid duplication of effort.

2. Please provide information on any use-limitations that have not been addressed and how the ISO could account for them.

No comment at this time.

c. Hydro Resources

No comment at this time.

- d. Specialized must-offer obligations (please also include any recommended changes for the duration or timing of the proposed must-offer obligation):

No comment at this time.

1. Demand response resources.
2. Storage resources.
3. Variable energy resources.

5. The ISO has proposed a flexible capacity availability incentive mechanism. Please provide comments on the following aspects of this mechanism:

NCPA supports the "adder method" over the other two methodologies described in the proposal.

- a. The selection of the adder method as the preferred option
 - 1. Should the ISO still consider the bucket method, the “worse-of” method, or some other method not already considered? Why?
 - b. The price for the flexibility adder. Specifically, if the ISO proposed price is not correct, what price or data source should the ISO consider and why?
 - c. The interaction between the existing SCP and the proposed SFCP
 - d. The proposed SFCP evaluation mechanism/formula
 - 1. The formula used to calculate compliance (including the treatment of long-start and use-limited resources)
 - 2. The treatment of forced and planned outages
 - 3. The minimum availability thresholds for use-limited resources
 - e. The proposed substation rules for forced outages
 - f. Please also include comments regarding issues the ISO must consider as part of the evaluation mechanism that are not discussed in this proposal.
6. The ISO has proposed to include a backstop procurement provision that would allow the ISO to procure flexible capacity resources to cure deficiencies in LSE SC flexible capacity showings. Please provide comments regarding the following issues of ISO’s proposed flexible capacity backstop procurement proposal:

No comment at this time.

- a. The inclusion of the adder methodology
- b. The opportunity for LSEs to provide a list of uncommitted flexible capacity that can be used to help cure flexible capacity deficiencies

7. Are there any additional comments your organization wishes to make at this time?

NCPA appreciates the ISO's recognition, as described in section 5 of the proposal, that a load-following metered sub-system is contractually obligated to manage its variability and uncertainty.